

Testimony of Juan Hernandez

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DATE: March

BILL NO.: Raised Bill No. 5371 Raised Bill No. 5378 Raised Bill No. 5370

TITLE: Better Jobs Act, Standard Wage Law Fixes, \$15 Minimum Wage

POSITION: Support All

Good Afternoon Chairpersons Gomes and Tercyak and members of the Labor and Public Employees Committee. Thank you for the opportunity to present testimony today. SEIU 32BJ represents 145,000 women and men who perform property services, including cleaning and security services in 11 states and the District of Columbia along the East Coast, including 4,500 here in the State of Connecticut. My name is Juan Hernandez and I am the Connecticut State Director for SEIU 32BJ.

I am here to speak in support of three important pieces of legislation, Raised Bill No. 5371, the “Better Jobs Act,” Raised Bill No. 5378, which makes some important technical fixes to the Standard Wage law, and Raised Bill No. 5370, which would raise the minimum wage to \$15.

The Better Jobs Act would ensure that the women and men who perform building services in larger buildings and facilities in the state are employed in shifts of no less than 30 hours a week. This is a sensible and innovative policy approach that has been introduced in Washington, DC and Montgomery County, MD and will shortly be introduced in Newark and Jersey City, NJ. I strongly support its adoption and further encourage the inclusion of a private right of action to facilitate enforcement.

The technical fixes to the Standard wage law would incorporate into the existing law a number of clarifications that, in many cases reflect current practice and interpretation of the law, enshrine best practices, ensure that quasi-public agencies are covered by the law and address the injustice that housekeeping aides receive less compensation than their counterparts performing similar work as light cleaners. In particular, the fixes do the following:

- Specify that quasi-public agencies are covered by Standard Wage.
- Specify that security services are included in "building, property or equipment service."
- Specify that effective July 1, 2015, the Labor Commissioner shall classify any individual performing the duties of a housekeeping aide as a light cleaner.
- Require all solicitations for building, property or equipment services to state required number of hours and include a detailed price worksheet to be developed by the Labor Commissioner breaking down the cost components of the hourly bid proposal.
- Provide for annual price adjustments to labor costs for building, property or equipment service contracts, based on greater of Consumer Price Index change or rate of wages and benefits provided under CBA covering no less than 500 workers, whichever is higher.
- Require all solicitations for building, property or equipment services to indicate whether workers currently providing the services are covered by a Collective Bargaining Agreement, and include a copy if so.
- Require monthly submission of certified payroll.

Taken together, these amendments ensure that building service workers on state contracts continue to be meaningfully protected by the Standard Wage law.

Connecticut families faces serious issues of poverty and inequality. According to Connecticut Voices for Children, in 2014, 31.8% of Connecticut children had a household income of less than 200% of the Federal Poverty Level.¹ It is therefore essential that the Legislature take important steps to strengthen the wage floor - through raising the minimum wage to \$15 and through shoring up the Standard Wage law. However, wage standards are only

¹ Connecticut Voices for Children, Trends in Poverty and Median Income in Connecticut: Summary of 2014 American Community Survey Census Data, Table 2 (September 2015), *available at* <http://www.ctvoices.org/sites/default/files/econ15acscensuspovinc.pdf>.

one important piece of the equation. Household income depends on enough hours of work as well.

The Better Jobs Act would match the demand for building services work in larger buildings and facilities with the supply of workers who need full-time work. 32BJ has extensive experience representing building service workers who operate in full-time markets as well as those who operate in markets that are largely still part-time. This is work that can be performed on a full-time basis. An analysis provided by the Economic Policy Institute, and submitted as an attachment to this testimony demonstrates that in a number of markets women and men performing janitorial services are overwhelmingly employed 30 hours or more a week. Building services work in Hartford is largely performed on a full-time basis. However, the majority of building services work in Fairfield County and in New Haven and other locations is performed on a part-time basis. It is a choice whether to staff the work on a part-time or a full-time basis. This choice has consequences that extend beyond workers and their families, impacting communities and taxpayers. The consequences include insufficient income, lack of access to health and other benefits, instability for workers and their families, excessive job turnover, and unnecessary costs to taxpayers.

When jobs are only part-time, workers have to work multiple part-time jobs just to make ends meet. It also means going without employer-provided health insurance if they fall below the 30 hour Affordable Care Act threshold. Low wages and erratic schedules have a detrimental impact on the health and well-being of workers and their families. They also lead to high turnover. An analysis of 32BJ funds data reveals that part time building services workers in Connecticut have a 25.3% turnover rate as compared to 11% among full-time workers.² A 2012 study by Heather Boushey and

² See *attached*, internal analysis of 32BJ funds.

Sarah Jane Glynn for the Center for American Progress found that “it costs businesses about one-fifth of a worker’s salary to replace that worker.”³ This is just bad business.

When workers are unable to meet basic needs for their families – whether this means healthcare, food, shelter, or other essentials – they are forced to do without or seek public assistance. The Economic Policy Institute has reported that “[a]bout half of all workers in the bottom 20 percent of wage earners (roughly anyone earning less than \$10.10) receive public assistance in the form of Medicaid and the six primary means-tested income-support programs, either directly or through a family member.”⁴ When hours are limited, even at a higher hourly wage, workers’ income is low enough to force them to rely on public assistance. While it is essential that Connecticut maintain a safety net for those in need, it does not make sense to allow that safety net be used to enable part-timing as a strategy to reduce labor costs.

In light of the impact of these choices on communities and taxpayers, it is appropriate for the State to determine the parameters within which costs may be passed on from businesses. As it stands, a business may be able to obtain building services more cheaply by part-timing the work. Those who choose to take the high road and provide full time work opportunities, along with the additional income and access to benefits that entails, could find themselves at a competitive disadvantage.

At various other times in history, the State has made the choice to level the playing field to ensure the appropriate allocation of costs – through establishment of minimum wage rates, the workers compensation system, and other workplace protections. In fact, Connecticut has taken the

³ Heather Boushey and Sarah Jane Glynn, There Are Significant Business Costs to Replacing Employees, (November 16, 2012), available at <https://www.americanprogress.org/issues/labor/report/2012/11/16/44464/there-are-significant-business-costs-to-replacing-employees/>

⁴ <http://www.epi.org/publication/safety-net-savings-from-raising-minimum-wage/>

lead in adopting innovative policies - such as paid sick days -for working families in the past. It is time for Connecticut to lead again, and take action to ensure that the women and men who perform building services are not stuck in a cycle of part-time work and struggle for self-sufficiency.

I encourage you to support the three bills I just discussed. They are sensible and necessary policy steps that Connecticut must take to strengthen the floor for low wage workers and ensure that hard working women and men – and their families- are not trapped in a cycle of poverty.