



DATE: Thursday, March 8, 2018

TO: Labor and Public Employees Committee

FROM: Jeff Shaw, Director of Public Policy & Advocacy, The Alliance

RE: S.B. No. 1, AN ACT CONCERNING EARNED FAMILY AND MEDICAL LEAVE; H.B. No. 5387, AN ACT CONCERNING PAID FAMILY MEDICAL LEAVE; H.B. No. 5388, AN ACT CONCERNING A FAIR MINIMUM WAGE.

Good afternoon Senator Gomes, Senator Miner, Representative Porter, Representative Bocchino and distinguished members of the Labor and Public Employees Committee:

My name is Jeff Shaw, Director of Public Policy and Advocacy, of the Connecticut Community Nonprofit Alliance (The Alliance). The Alliance is Connecticut's statewide association of community nonprofits, which serve over 500,000 people each year and employ almost 14% of Connecticut's workforce.

This testimony comes after year after year of state budget cuts that have put increasing pressure on community nonprofits, leaving them to face an uncertain future at a time when the demand for services is increasing. Further, nonprofits are dependent on the State for funding and have limited options in the face of budget shortfalls. They cannot raise taxes or prices, meaning they are forced to cut services, lay-off employees or close programs. Having to pay additional costs, including mandatory increases in wages and benefits, will exacerbate this problem and lead to further service cuts, layoffs and program closures.

**S.B. No. 1, AN ACT CONCERNING EARNED FAMILY AND MEDICAL LEAVE; H.B. No. 5387, AN ACT CONCERNING PAID FAMILY MEDICAL LEAVE**

I offer testimony on H.B. S.B. No. 1, AN ACT CONCERNING EARNED FAMILY AND MEDICAL LEAVE and H.B. No. 5387, AN ACT CONCERNING PAID FAMILY MEDICAL LEAVE, which requires employers to provide paid family and medical leave to employees.

Nonprofits want to provide excellent benefits for their employees, but the State needs to build-in both protections and resources for such increased costs in all current and future contracts and grants. **Simply put, nonprofits that contract with the State to provide essential services can only afford benefits to the extent that the contracts pay them for the costs.** Failure to do that will mean fewer programs and fewer people receiving services that the nonprofits provide.

**H.B. No. 5388, AN ACT CONCERNING A FAIR MINIMUM WAGE**

I offer testimony on H.B. No. 5388, AN ACT CONCERNING A FAIR MINIMUM WAGE, which raises the minimum wage to \$15, over a three-year phase-in, by 2021. Additionally, by 2022, the growth in the Consumer Price Index will be used to determine the fair minimum wage.

Community nonprofits want to pay their employees more, but the State needs to build-in both protections and resources for such adjustments in all current and future contracts and grants.

**For nonprofits that contract with the State to provide essential services on behalf of government, the State must increase funding to cover the increase in wages.** State contracts do not automatically adjust to increases in the minimum wage and do not adjust wages for those making slightly above minimum wage. Without additional funding, such changes will bust budgets and force reductions in services. The State is facing at least two more years of massive budget deficits and budget cuts have already put even more fiscal pressure on nonprofits to meet increasing demand for services.

While wages vary by job type and organization, most nonprofits pay their employees above minimum wage, and some starting wages are much higher. Other nonprofits have been named top work places for employee engagement and retention of staff, resulting in a turnover percentage well below the national average. Nonprofits compete for scarce resources through philanthropy and other sources to pay their employees more than their current state contract allows.

As employers, nonprofits strive to compensate their employees fairly to recognize their incredible dedication and passion to caring for the most at-risk and vulnerable people - children, families, seniors and individuals with complex needs. These employees provide high quality care, give people hope, purpose and the help they need to be self-sufficient and enrich their communities. **While wages vary widely by job type, organization, and state agency with which a nonprofit is contracting, nonprofits whose employees are paid below fifteen dollars per hour do so because the State does not pay enough for a higher wage.**

We are also concerned regarding wage compression, which occurs when certain wages above minimum wage are not adjusted to reflect the new minimum wage. A solution to that likely scenario is to set and fund different wage floors higher than the minimum wage, for certain positions whose work is funded primarily by state government, like direct care workers in the State's nonprofit workforce. A wage floor could also reduce turnover and the costs associated with recruiting, hiring and training to fill a vacant position.

Nonprofits recognize the increasing costs of health care and that raising the standard of living will improve employee retention and reduce costs associated with turnover and with hiring new employees. If paid family and medical leave becomes law and/or the minimum wage increases, the State should increase payments in contracts to nonprofits to pay for the increased costs of providing the benefit and wage increase.

Thank you for your time and consideration.

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