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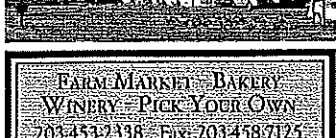
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Testimony before the Labor and
Public Employees Committee on
SB No. 2 & HB 5004

AN ACT INCREASING THE MINIMUM FAIR WAGE.

Submitted March 6, 2019 by Keith B. Bishop

Dear Senator Kushner, Representative Porter, Senator Miner,
Representative Polletta, and Members of the Labor and Public
Employees Committee:

The increase in the minimum wage MUST occur over a 5 to 6
year period at a reasonable rate of increase for our agricultural
based business to survive and have profits to repay our loans
and re-invest in our business. 3 or 4 years to get to \$15/hr is
too steep at 19%, 13% and 11% proposed annual increase!

Our 6 generation, 313 acre family farm includes a Farm
Market, Pick Your Own Fruits, a Winery and Cidery. Our
dedicated staff helps us serve over 500,000 visitors a year as a
premier farm destination year round. We attract visitors from
far and wide, and they also visit other stores and restaurants
in our area when they come to Guilford.

We employed 257 staff in 2018, ranging in age from 15 to 80.
173 of those team members work under 20 hours a week, and
average 289 hours a year since it seasonal work, at an average
wage of \$11.30. **The average age of these 173 team
members is 17.3 years old!**

We are the first and one of the most important jobs that steps
these young people into the work force, to gain confidence,
knowledge, training and experience to grow and excel in life.
For this group of high school students, we are not hiring for
job experience! We are hiring and training them at their first
job. We deal with and schedule around the irregularities of
their availability around school, sports and other family
commitments, unlike most 40 hour a week jobs. And we pay
them very fairly for their inexperience, an average of \$11.30
per hour in 2018. We must remain rate competitive, as we
need to attract and retain those that we train and who grow to
excel.

For us to grow our businesses and survive, we require hands on labor in the retail sector. We have limited jobs we can replace with mechanization or self-service technology to save labor \$\$ and the compounding costs of FICA, Medicare, Unemployment, Worker's Compensation and others. *The teenage labor force needs longer training times and often need to learn a stronger work ethic that we help develop for their future benefit. We pride ourselves in working with them, but the sharp increases in the minimum wage will cause us to reevaluate our model.* In particular, this would mean hiring older workers who's productivity would be commensurate with the higher above market wages forced upon us by the minimum wage increases.

The bill's proposed increase of 19%, 13% and 11% is excessive and unrealistic. It will drive the number of jobs available down, as well as increase prices for in state purchased consumer goods, meals and manufacturer items! It will drive residents to purchase online from out of state suppliers who have a lower cost of labor. This in turn will squeeze CT retailers even further, especially the food sector.

With our business' existing wage base of over \$1.126 Million for those working part time and under \$15 an hour now, with existing costs of FICA, Medicare, Unemployment, Worker's Compensation totaling \$156K, a 19% increase in year 1 would be a compounded total impact of \$220,000, year 2 of \$208,000 and year 3 of \$219,000.

Add on the other taxes, fees and regulatory burdens that never go down, our business will have to adapt to survive by cutting staff, benefits and services that are labor intensive.

I plead with each of you to recognize the reality of businesses like ours...

We need reliable seasonal-workers

We are hiring teenagers and those who want to work part time,
At a fair market rates, not a forced above market rate
Having the ability to afford and pay merit increases where deserved
Who offer a great training ground for teenage workers
Who want to stay in CT, and must be profitable to do so.

Plus being a farm, we do not have the luxury to move our operations out of state like GE, Aetna and others that have dumped CT workers and taken away tax revenue.

Nor can we install kiosks and self serve check outs like Fast Food and Big Box stores to decrease hourly workers and reduce benefits.

Respectfully Submitted,

Keith B. Bishop

ISSUES & POLICIES

Study: \$15 Minimum Wage Could Cost California 400,000 Jobs

Raising the hourly minimum wage to \$15 could cost California 400,000 jobs according to a study by two leading economists.

Just over half of those jobs will be in two industries: retail trade and accommodation and food service, according to Miami University of Ohio economic professor William Even and David Macpherson from Trinity University of Texas.

Their study, *California Dreamin' of Higher Wages*, projects a 10.7% job loss in accommodation and food service—or roughly 123,000 positions—and a 9.5% loss in retail trade, or about 77,000 jobs.

The 400,000 figure does not include job losses in rural areas, which were not part of the analysis.

California's minimum wage will reach \$15 in 2022. Connecticut lawmakers are also considering hiking the state's \$10.10 hourly minimum wage to \$15 over the next four years.

The federal minimum wage is \$7.25.

Small Business Impact

"I'm worried about the little businesses up and down Main Street," Rep. John Hampton (D-Simsbury), said recently about proposed Connecticut legislation.

Connecticut lawmakers are considering two bills—SB 2 and HB 5004—to hike the hourly minimum to \$15 by 2022.

CBIA opposes these measures as Connecticut is already one of the costliest states to do business.

"The high cost of doing business in this state has contributed to our slow recovery from the recession," said CBIA's Eric Gjede.

He noted that high business costs were driving many Connecticut companies to invest in labor-saving devices or consider automating more of their production operations than initially planned.

"Legislation that mandates above-market wages forces businesses to automate or make other cuts—including employees, hours, or benefits," Gjede said.

Unintended Consequences

Minimum wage increases are intended to provide a living wage to lesser-skilled workers who might otherwise not be able to earn one.

But the California study found that past minimum wage increases have hurt the very people they were intended to help.

"Specifically, the study found that each 10% increase in the minimum wage has led to a nearly 5% reduction in employment in industries with a higher percentage of lower-paid employees," the study reported.

"Across all industries, the findings imply that each 10% increase in California's minimum wage has reduced employment for affected employees by 2%."

The authors studied the state's minimum wage increases over two-plus decades through 2016.

'Under Siege'

With Connecticut lawmakers considering a minimum wage hike, paid family and medical leave, and highway tolls, the 240 companies that comprise the Connecticut Food Association feel "under siege," association president, Wayne Pesce, said recently.

The association accounts for over 30,000 jobs in Connecticut, many of them in small, family-owned businesses.

If lawmakers approve a \$15 minimum wage, Gjede is hoping they'll spread it across several more years to lessen the impact on small businesses and expand the state's training wage so employers can train unskilled workers, especially teenagers.

The California study's authors noted that "real firms outside an economic model could respond to higher minimum wages in ways that cause somewhat divergent effects" as compared to what their study projects.

"What is not in dispute, based on this study," they said, "is that California's rising minimum wage has depressed employment opportunities in the most heavily impact industries.

"The conclusions should give pause to states or localities interested in emulating California's wage experiment."

For more information, contact CBIA's Eric Gjede (860.480.1784) | @egjede