

March 7, 2019

Members of the Transportation Committee:

I am here testifying against H.B. No. 5004 AN ACT INCREASING THE MINIMUM FAIR WAGE and SB 2 AN ACT INCREASING THE MINIMUM FAIR WAGE

The \$15 minimum wage would be extremely hurtful to the very employees this bill is meant to help and would be quite detrimental to the Connecticut economy.

My business partner and I own Platt & LaBonia Company of North Haven, CT. We manufacture steel cabinets and display materials. Our manufacturing processes – metal cutting, forming, welding, painting and assembling - are low tech and labor intensive. We compete head-to-head with companies across the United States, Mexico, and China. While our customers value our quality and fast turnaround times, there is constant pressure on pricing.

Labor costs account for more than 50% of our production costs. Platt LaBonia's starting wage is about \$11.50 an hour for unskilled labor. Our competitors already enjoy a significant labor cost advantage as they are located down South (\$10 an hour wages), Mexico (\$3 an hour) and China (\$2 an hour).

We employ people who would have a very hard time finding employment elsewhere – persons struggling with addiction, ex-convicts, high school drop-outs, new immigrants with poor language skills, etc. Currently, in our workforce we have employees with the following backgrounds:

- 2 serious sex offenders
- 4 drug addicts who visit the methadone clinic daily
- 10 with arrest records
- 6 with multi-arrest records
- 12 with job attendance issues such as drug and alcohol addictions

These people would probably not even get an interview at Connecticut's blue chip manufacturers like Pratt & Whitney or Tyco. For that matter, would you hire these people to work here in your office at the legislative office building? Or could these people get employment or keep employment at any state agency? They would never pass the background check or meet the attendance requirements. Importantly, we take people who oftentimes have not attained the skill level needed to earn \$11.50 an hour at first, but we are able to train them so they develop skills such as CNC programmers, machine set up operators, and shift supervisors. These employees then earn above the \$15 threshold and as important, they then have skilled profession they can be proud of.

Every year we have to re-evaluate as to whether we should move our manufacturing facility to South Carolina or Mexico. South Carolina is particularly aggressive in recruiting companies to move there. Since the textile industry moved to China, South Carolina has many state-of-the-art manufacturing facilities available for surprisingly little investment. Property taxes are 83% lower than in Connecticut. Wages are also 20% lower (not including the rise to \$15 an hour). We would save an additional 15% on transportation costs because trucking companies charge more to ship from New England due to the traffic delays in Tri-State area. The South Carolina economic development authority has offered to

reimburse us for the cost of moving there and has also offered low-interest financing to help us grow the business.

My business partner and I have roots in Connecticut, and we want to do what is right for the employees who work hard every day to make a living from a job they can be proud of. But the market will not permit us to raise prices, and we have to stay in business too. A rise in the minimum wage to \$15 an hour would certainly tip the balance in favor of a move to South Carolina. I think the State has learned that if you tax the rich too heavily, they will up and move to Florida. If the State raises the cost of employing low skill level employees too high, those jobs will move elsewhere as well.

If the State of Connecticut wants to help lower-paid, unskilled workers, the State can certainly increase rent subsidies, medical benefits or food programs. However, for many low skilled, troubled job seekers, raising the minimum wage to \$15 will do immeasurable harm to the very people the State would be trying to help. A \$11.50 an hour job is better than no job at all. And aside from the monetary benefits, a job is truly the best social program for people struggling with addiction or who are coming out of prison and trying to get a foothold back in society. A job provides a sense of self worth and a positive life-rhythm that no government program can provide. A \$15 an hour minimum wage might sound like a good idea on the surface, but the reality is that it will destroy jobs that are a great benefit to people at the fringes of society, and to every other member of society as well.

Thank you.

David Cohen

Platt & LaBonia Company, North Haven, CT



