



Thursday, March 7, 2019

State Of Connecticut Labor and Public Employees Committee
Public Hearing on Committee Bill No.2, 5004 and Governor's Bill No.7191

Testimony presented by:
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First, let me introduce myself: My name is George Frantzis. I am the co-owner of Quassy Amusement & Waterpark in Middlebury. Our third generation, family owned seasonal business is rich in history and tradition, celebrating our 111th year of operation in Connecticut.

Today, we are faced with the grim facts that operational costs are skyrocketing, businesses and families continue to leave the state and higher tax burdens are levied on those left in the wake.

With roughly only 110 days of operation for our business to generate cash flow to support our full-time, year-round staff of 12 and approximately 375 seasonal workers, the topic of Connecticut's minimum wage is one in which some valid arguments must be heard in regard to the small business community.

Like most seasonal businesses, we rely largely on high school and college students, who are on our books April through October of each year. While most earn the minimum wage, most returning employees are awarded a higher rate of pay based on work performance, and justly so.

The positions we provide are founded on educating first-time employees, teaching young workers ethics as well as responsibility within the workforce. It is rare that a seasonal employee comes to us for a job to provide sustainable income for his or her family, as some agendas might suggest.

Recently a statement was made that if the state's minimum wage were to increase to \$15 in the foreseeable future, it would not hurt businesses.

Nothing could be further from the truth.

Higher operational costs, including minimum wage increases, workers compensation, unemployment and mandatory paid sick leave - to name a few - drive up prices across the board, which in many cases are passed on to consumers. We've all seen it at the gas pumps, grocery stores and our utility bills.

However, when it comes to families and their **discretionary** spending, it's not as simple as just raising prices to offset the costs of doing business.

Families have to do less with less. That means fewer movies, perhaps fewer music and dance lessons, and certainly fewer trips to the amusement park.

Opening the doors each day at Quassy has an enormous price tag associated with it - the biggest day-to-day expense is generally payroll.



To validate some of my comments, take into consideration the following:

- * **Each increase in the minimum wage by 25 cents increases our seasonal payroll by \$26,000**
- * **The increase in payroll also increases our workers compensation costs, unemployment costs and payroll taxes**

Spiraling minimum wages is not the solution to fixing issues at the local or state level. Each increase does have a negative impact on business.

This being said, if the minimum wage were to be increased as proposed it would cost jobs in the state. We will be forced into looking at reducing staff, automating positions, buying more vending machines, automated ticket printers and other options to reduce the total number of people employed by our business.

In the past few years Quassy has invested over eight million dollars in new attractions, we have also spent millions of dollars in our infrastructure, all to improve our business and guest experience. If these increases are implemented all Capital improvements and growth investments will be re-evaluated.

Finally, after a minimum wage increases, it impacts our full time employment base as well. Our full time team salaries do not grow at the rate of the minimum wage increases and these are skilled labors that play a vital role in the growth of our business.

It seems that the Minimum Wage Increase is a fore gone conclusion. So, there are ways to soften the impact on small businesses and no-profits that would be devastated by the impact of the increase. The minimum wage policy being advocated is not a one size fits all solution. Recognizing the diversity of employers business operations is an essential consideration.

1. An exemption for Seasonal, part time workers. Any exempt business would pay 85% of the established Minimum wage.
2. Implement the increase over a five year period starting in 2020. Most businesses like ours have set their pricing for the 2019 season and cannot absorb the increase if it were to take place mid season. Organizations and businesses need to plan and budget for the increases that is proposed. Spreading the increase over a five year period would allow businesses to plan accordingly.
3. Minimize the amount of the increase to \$14.00 an hour. The matrix used in the past has been based on the 50% of the mean income of the state, which is approximately \$23.00 an hour. This would still be an aggressive increase from the past.
4. Expand on Sec. 31-60-6 of the general statutes; It states, a minor may be employed at a modification of the minimum fair wage established by subsection (j) of section 31-58 of the general statutes, but at not less than 85% of the minimum wage, for the first 200 hours of employment. When a minor has had an aggregate of two hundred hours of employment, he may not be employed by the same or any other employer at less than the minimum fair wage.
 - a. Eliminate it must be the employee's first job
 - b. Increase the amount of hours to 500
 - c. Expand the age to 21 for non-skilled labor
 - d. Is a dependant on a parent or guardian tax form

On behalf of our business, I encourage you to help reshape a healthy business climate here in Connecticut and vote NO or amend any minimum wage increase.