



Testimony of Eric Gjede
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Before the Committee on Labor and Public Employees
Hartford, CT
March 7, 2019

**Testifying in opposition to
HB 5004: AN ACT INCREASING THE MINIMUM FAIR WAGE**

Good afternoon Senator Kushner, Representative Porter, Senator Miner, Representative Polletta and members of the Labor and Public Employees Committee. My name is Eric Gjede and I am vice-president of government affairs at the Connecticut Business and Industry Association (CBIA), which represents thousands of large and small companies throughout Connecticut.

CBIA is opposed to HB 5004.

HB 5004 raises the current \$10.10 minimum wage to \$15 per hour by the year 2022, and then calls for automatic increases each year thereafter. If this bill is enacted, the state's minimum wage will increase by nearly 50% in just three short years after already having increased significantly in four of the last six years. Further, the bill eliminates the training wage. The training wage should be strengthened, not eliminated, to help curtail the loss of youth and unskilled employment that will result from this legislation.

Connecticut has a number of strengths, but it is indisputable that it ranks as one of the costliest places to run a business. The high cost of doing business in this state has contributed to our slow recovery from the recession. In fact, a recent survey of CBIA members showed that because of high business costs – 47% of businesses either have automated or have contemplated automating more of their workforce than they had initially planned. Legislation that mandates above-market wages forces businesses to automate or make other cuts - including employees, hours, or benefits.

If it is the intention of this committee to raise the minimum wage, we ask that you do so in the least harmful way possible. This includes:

1. Extending the number of years to achieve the goal of \$15 per hour. The proposed rate of increases are significant new costs for businesses to bear. These increases, \$1.90 in the first year and \$1.50 in each of the two years thereafter, are far higher than the average \$0.30 increases to the minimum wage routinely implemented in the past. The financial impact to businesses could be partially mitigated by extending the increase over six or seven years rather than the proposed 3 years.
2. Expand the state's training wage. Increasing the minimum wage decreases the number of entry level jobs for teenagers. Under current law, an individual under the age of 18 may be paid 85% of the minimum wage for the first 200 hours of their first job opportunity. Allowing businesses to pay those under 18 at a reduced rate allows employers the flexibility to take a chance on that individual and train them to the point where the labor provided equals the value of the wages paid.

In conclusion, the best way to help individuals in entry-level and low-skilled jobs is to stop adding costs to employers. I strongly urge members of the committee to oppose this bill, or, at the minimum, consider the suggestions above to help mitigate the adverse impact of this proposal on employers.