



Waterbury Regional Chamber
driving business to business

March 7, 2019

**STATEMENT OF THE WATERBURY REGIONAL CHAMBER TO THE
LABOR AND PUBLIC EMPLOYEES COMMITTEE OPPOSING
SENATE BILL 002, AN ACT INCREASING THE MINIMUM FAIR WAGE;
HOUSE BILL 5004, AN ACT INCREASING THE MINIMUM FARE WAGE, AND
HOUSE BILL 7191, AN ACT INCREASING THE MINIMUM WAGE**

Senator Kushner, Representative Porter, and members of the Labor and Public Employees Committee, my name is David Krechevsky and I am the Director of Public Policy for the Waterbury Regional Chamber. Thank you for the opportunity to submit testimony on these bills.

The Chamber, which serves 14 communities in Greater Waterbury and represents the interests of more than 1,000 member businesses in matters of public policy, strongly opposes Senate Bill 002 and House Bills 5004 and 7191.

The Chamber and our member businesses – which include not only large corporations but also small, family-owned retailers, manufacturers, and nonprofit organizations – are very concerned about the negative effects on job creation and the state’s business climate that will result from increasing the state’s minimum wage so dramatically over so short a time, as proposed in these bills.

As proposed in SB 002 and HB 5004, the state’s minimum wage would increase by \$1.90 to \$12 per hour on January 1, 2020. That is a 19 percent jump, easily the largest, single-year increase in the rate in Connecticut history. These two bills then follow with \$1.50 increases in each of the next two years to achieve the \$15-per-hour rate by January 1, 2022. The result is a nearly 50 percent increase in the minimum wage in just three years. The governor’s bill, HB 7191, adds a fourth year to the timetable for increases, but its annual increases of between 9 percent and 11 percent also far exceed any previous increase imposed by the state and far exceed the current rate of inflation.

As an example of the impact these bills would have on a business, George Frantzis, a co-owner of Quassy Amusement Park in Middlebury and a longtime member of our Chamber, has stated that each 25-cent increase in the minimum wage will add \$26,000 to his seasonal payroll. That means the \$1.90 increase proposed in the first year by SB 002 and HB 5004 would add \$197,600 to his payroll.

It is unreasonable to expect businesses to be able to absorb such increases; something will have to give. That likely will result in the loss of entry-level jobs, including layoffs, and an increase in automation, as well as in businesses passing the cost of the increases on to their customers. The latter will especially be true for businesses that provide human services, such as in-home nursing care.

These bills also fail to acknowledge the unintended consequences of increasing the minimum wage. Mandating a wage increase for the lowest-paid employees will require businesses to boost the wages

of more experienced employees higher on the wage scale. While that may be possible for some major corporations, it is much more difficult for smaller companies with smaller operating margins, and especially for nonprofit organizations with tight budgets.

It is also worth noting that increasing the minimum wage will adversely affect state taxpayers, because the state and municipalities also must take on the additional cost. The nonpartisan Office of Fiscal Analysis found last year's proposal would cost taxpayers at least \$50 million annually through increased compensation and contract costs to state agencies and municipalities.

Dramatically increasing the minimum wage will increase both the cost of living and the cost of doing business in Connecticut, while hurting Connecticut's economy. Yet, the Chamber and our members recognize that one of these bills is likely to be approved and made into law. So we ask members of the committee to consider amending the bills in the following manner:

1. Adding an exemption for seasonal, part-time workers that would allow a seasonal employer to pay 85 percent of the established minimum wage.
2. Implementing the increase over a five-year period starting in 2020. This will allow businesses the time they need to budget for the proposed increases.
3. Reducing the wage goal to \$14 an hour. This would still be an aggressive increase.
4. Expanding on **Sec. 31-60-6** of the general statutes, which 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 percent of the minimum wage, for the first 200 hours of employment. When a minor has had an aggregate of 200 hours of employment, he may not be employed by the same or any other employer at less than the minimum fair wage.

We suggest the following modifications:

- a. Eliminating that it must be an employee's first job;
- b. Increasing the number of hours to the first 500;
- c. Expanding the age to 21 for non-skilled labor, and
- d. Replacing "minor" with "is a dependent on a parent's or legal guardian's income tax form."

Thank you for your consideration.

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Waterbury Regional Chamber