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March 7, 2019

RE: OPPOSE SB 002 AN ACT INCREASING THE MINIMUM FAIR WAGE
RE: OPPOSE HB 5004 AN ACT INCREASING THE MINIMUM FAIR WAGE
RE: OPPOSE HB 7191 AN ACT INCREASING THE MINIMUM WAGE

Dear Co-chairs Sen. Kushner, Rep. Porter, and all members of Labor and Public Employees Committee,

Connecticut Lodging Association (CLA) OPPOSES increasing the minimum wage in Connecticut. The hospitality industry is in the business of people, known for offering competitive wages with good benefits and a path to life-long careers.

The hotel industry has a great story to tell: One of countless employees who begin their jobs as bellhops, front desk agents or dishwashers, and with training and hard work, rise through the ranks to become managers, general managers and beyond. So many achieving their dream job. Here are some facts about the hospitality workforce:

- Most hotel employers are already paying workers above the minimum wage.
- About 80 percent of minimum wage workers are eligible for a promotion in less than a year.
- The hotel and lodging industry invests in its employees, providing the training, skills and resources necessary to earn promotions to succeed and climb the ladder from entry level up.

Connecticut is already the fourth least business-friendly state in the U.S.* With this economic reality, any additional burden placed on the lodging industry **will result in layoffs and in full-time positions being reduced to part-time positions.** And there is evidence that an increased minimum wage will be detrimental to employment overall, and cost taxpayers more.

- In 2018, the nonpartisan Office of Fiscal Analysis found that the proposed CT legislation, which raised the hourly minimum wage to \$15, **will cost Connecticut taxpayers at least \$50 million annually** through increased compensation and contract costs to state agencies and municipalities.**
- Additional costly regulations will continue to dissuade investors and employers from locating in our state.
- Connecticut is one of just fifteen states with an hourly minimum wage already above \$10.***

A report done by a Washington, DC-based think tank concluded that with a \$15 minimum wage increase, more than half of the jobs would be lost in the retail and hotel and food services industries. Because retail shops and restaurants generally have low

margins, business owners are often reluctant to raise prices to cover the cost of higher wages. Instead, they reduce hours or lay off workers, the report states. The report also notes that 55 percent of those lost jobs would come from women. In Hartford, 53 percent of children under the age of 18 living in poverty are members of female-headed families, suggesting those women are the primary breadwinners for their families. In Bridgeport, 38 percent of families of all income levels are headed by single females.****

We ask you today to **oppose raising the minimum wage to \$15.**

- For Connecticut, a billion-dollar state budget deficit means tough fiscal decisions ahead and these minimum wage implications must be considered before passing any legislation.
- For the hospitality industry, the 5th largest job sector in CT, this will only diminish employee growth and force hospitality jobs to be eliminated, working with tighter belts.

We are happy to provide any further information on this issue by request. Thank you for your time, effort and your support for a better Connecticut.

Sincerely,

Steve Matiatos

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President, Connecticut Lodging Association
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* <https://taxfoundation.org/publications/state-business-tax-climate-index/>

** <https://www.cbia.com/news/issues-policies/minimum-wage-hike-costs-taxpayers/>

*** <http://www.ncsl.org/research/labor-and-employment/state-minimum-wage-chart.aspx>

**** <https://yankeeinstitute.org/2018/06/26/15-minimum-wage-would-cost-jobs-in-connecticut-cities/>