



Connecticut Working Families Organization  
30 Arbor Street, Hartford, CT 06106  
Workingfamilies.org/Connecticut  
(860) 523-1699

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Testimony from Carlos Moreno, Connecticut state director of the Working Families Organization -

In support of:

**HB5004: AN ACT INCREASING THE MINIMUM FAIR WAGE**  
**SB2: AN ACT INCREASING THE MINIMUM FAIR WAGE**

In support of with amendments:

**HB7191: AN ACT INCREASING THE MINIMUM WAGE**

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Good afternoon, Senator Kushner, Representative Porter, Senator Miner, Representative Polletta and members of the Labor Committee. My name is Carlos Moreno. I'm the state director at the Connecticut Working Families Organization. I am here today to testify in support of **SB 2 An Act Increasing the Minimum Fair Wage** and **HB 5004 An Act Raising the Minimum Fair Wage**.

#### **Living below poverty and a paycheck away from it**

Recently, the United Way released its ALICE report, which provides a disturbing analysis and portrait of communities struggling to survive in Connecticut. ALICE is an acronym for people who are Asset Limited, Income Constrained, and Employed. It comprises households that earn more than the federal poverty level but less than the basic cost of living for the state.

According to the report, of Connecticut's 1,357,269 households, 134,494 earn below the federal poverty level (10 percent) and another 404,035 (30 percent) fall into the ALICE category.<sup>1</sup> These are people who either *can't* or who *struggle* to cover the cost of basic necessities, such as housing, food, childcare, health care, and transportation.<sup>2</sup>

To put this in perspective, approximately half of Danbury households are ALICE; 70% of Hartford households are ALICE; and 72% of Bridgeport households are ALICE.<sup>3</sup>

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<sup>1</sup>[https://alice.ctunitedway.org/wp-content/uploads/2018/08/CT-United-Ways-2018-ALICE-Report-8.13.18\\_Hires.pdf](https://alice.ctunitedway.org/wp-content/uploads/2018/08/CT-United-Ways-2018-ALICE-Report-8.13.18_Hires.pdf)

<sup>2</sup>[https://alice.ctunitedway.org/wp-content/uploads/2018/08/CT-United-Ways-2018-ALICE-Report-8.13.18\\_Hires.pdf](https://alice.ctunitedway.org/wp-content/uploads/2018/08/CT-United-Ways-2018-ALICE-Report-8.13.18_Hires.pdf)

<sup>3</sup>[https://alice.ctunitedway.org/wp-content/uploads/2018/08/CT-United-Ways-2018-ALICE-Report-8.13.18\\_Hires.pdf](https://alice.ctunitedway.org/wp-content/uploads/2018/08/CT-United-Ways-2018-ALICE-Report-8.13.18_Hires.pdf)

### **Rising inequality in Connecticut**

Meanwhile, the state's Bridgeport-Stamford-Norwalk metro area holds the largest concentration of millionaires in the U.S.<sup>4</sup>

Connecticut's widening disparities in wages and employment opportunities threaten future economic prosperity by leaving families—especially people of color—behind.

Almost half of all jobs created since the start of the economic recovery have been in low-wage industries, such as retail and fast food service, which pay less and lack the benefits, predictability, and flexibility of jobs past. They also pay unlivable wages.

A living wage is one that allows families to meet their basic needs, without public assistance, and that provides them some ability to deal with emergencies and plan ahead. It is not a poverty or survival wage, as detailed in the ALICE report.

According to the Alliance for a Just Society and additional research performed by the Massachusetts Institute of Technology, a single adult in Connecticut must earn \$19.03 per hour to afford necessities without the aid of public assistance. Connecticut's \$10.10 minimum wage is just 53% of the state's living wage and does not come close to providing individuals and families enough to meet basic needs.

### **The very least that Connecticut can do to begin addressing income inequality**

Raising the minimum wage is an important anti-poverty tool, but the current minimum wage of \$10.10 leaves too many families on the brink of (or living in) poverty.

While there is no single reform alone that can address the state's urgent income inequality crisis, full time workers can avoid slipping into poverty with an increase in the state's minimum wage to \$15. It should also be adjusted to the consumer price index every year to keep pace with inflation, providing working families with a measure of financial predictability and stability.

Public policy needs to catch up with the realities of Connecticut's economy. The level of income inequality in our state is among the worst in the nation. Low wage labor is being exploited by large, profitable corporations. And workers have not received any raises or benefits.

Growing profits have gone towards the state's highest wage earners and corporations, further deepening the divide between rich and poor, which is mostly pronounced in Black and Latino communities.

CT is now entirely surrounded by states that treat its workforces better. We need to do better. We need to catch up with the realities of our economy.

### **Concerns with HB7191: AN ACT INCREASING THE MINIMUM WAGE**

<sup>4</sup><https://www.kiplinger.com/slideshow/investing/T064-S001-where-millionaires-live-in-america-2018/index.html?rid=EML&rmrecid=1884116451>

We applaud and thank the Governor for prioritizing a minimum wage increase, but we have strong concerns about HB7191. We would support this bill with the following amendments.

*Remove the expanded subminimum training wage*

The Governor's bill expands the subminimum wage training period for workers under 18, more than doubling its impact and losses for young workers. It increases the training period from 200 hours to 90 calendar days and reduces the subminimum wage rate from 85% of the full minimum wage to 75%. Under this bill, full-time workers could lose almost more than \$1,900 during the training period than as provided in current statute. Someone earning minimum wage simply cannot afford that loss.

The expanded subminimum training wage benefits fast food and retail chains with high-turnover staffing models and incentivizes more employers to fire workers as they "age out" of the training wage. Without providing additional funding to staff the Department of Labor's enforcement actions, there will undoubtedly be widespread employer abuse.

We don't have different health and safety standards for new or younger workers. Workers' compensation statutes don't have different standards for new or younger workers. The law doesn't allow employers to discriminate against new or younger workers. We shouldn't allow employers to pay new or younger workers a lower minimum wage.

*Replace the Employment Cost Index with the Consumer Price Index*

The Employment Cost Index (ECI) is a quarterly economic calculation detailing the changes in the costs of labor for businesses. The ECI is prepared by the Bureau of Labor Statistics, in the U.S. Department of Labor.

Over time, the ECI may not keep pace with the Consumer Price Index (CPI), which is traditionally used to measure inflation in our economy - and with good reason.

Consumer spending is an engine for job growth. Consumer demand creates production of goods and services. The production of these goods and services creates jobs in all sectors of the economy.

Using an ECI could devalue the minimum wage over time. If we reduce the buying power of the minimum wage, we jeopardize job creation and the health of the economy overall.

Furthermore, no state has indexed its minimum wage to the ECI. If we were to do so in Connecticut, it could put our state at a competitive disadvantage for labor with surrounding states, which use the more predominant Consumer Price Index.

Thank you for the opportunity to testify today. I ask you to support workers by passing SB 2 and HB 5004.

And I ask you to amend HB 7191 to remove the expanded subminimum training wage and replace the EPI with the CPI. Thank you.