Testimony of

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Labor and Public Employees Committee
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Proposed SB 765 An Act Ensuring Fair and Equal Pay for Equal Work

Proposed HB 6739 An Act Prohibiting Employers from Paying Disabled Employees Less than Minimum Wage

Proposed HB 6913 An Act Concerning Covenants Not to Compete

Good afternoon Representative Porter, Senator Kushner and members of the Labor and Public Employees Committee. My name is Sal Luciano and I am proud to serve as the President of the Connecticut AFL-CIO, a federation of hundreds of local unions representing more than 220,000 members in the private sector, public sector, and building trades. Our members live and work in every city and town in our state, and reflect the diversity that makes Connecticut great. Thank you for the opportunity to submit written testimony today on a number of important bills impacting working families.

Proposed SB 765 An Act Ensuring Fair and Equal Pay for Equal Work

Women in unions working under negotiated collective bargaining agreements are more likely to be paid higher, fairer wages and have better access to health insurance, pensions and other benefits. More must be done to afford those same protections to non-union female workers. The Connecticut AFL-CIO supports the General Assembly's efforts to build on the work it began last session to ensure that women are paid equally and fairly and supports the intent behind Proposed SB 765.

Unfortunately, gender-based pay inequity is not a relic of previous generations. Last March, DataHaven released an analysis of the most recent U.S. Census Bureau American Community Survey data. Their findings reveal a problem that is even worse than most believed. Connecticut's working women are paid just 69 cents for every dollar paid to working men, making our state's wage gap greater than the national average where women are paid 71 cents for every dollar earned by a man. The disparity is even greater for women of color.[i]

Even more troubling, the pay gap continues to exist for highly educated women. Those who have attended some college but didn't complete a degree earn less money than men who never attended college at all, and women with graduate degrees on average earn less than men with only a bachelor's degree. DataHaven found that even within the same occupation, women are paid less, especially within high-salary management, business, and finance occupations. That's a significant loss for each woman and each family, but businesses and our economy also suffer greatly. Lost wages mean reduced consumer buying power, a key driver of economic growth.

Think about that for a moment. ***Connecticut women are earning 31% less than men for the same work.*** This isn't just a moral problem. It's also a short-sighted policy with catastrophic economic consequences. If women across this state, one-half of our population, got the 31% wage increase they deserve and have earned, the positive economic impact would be enormous. The state would benefit from increased income tax collections and new sales tax revenue without raising taxes. It would also save millions of dollars by not having to provide need-based public services to those who no longer meet the financial eligibility criteria.

Ending gender-based pay inequity isn't just the right thing to do; it's the smart thing to do. We urge the Committee to finish the work began last year in order to ensure women get what they've earned – equal pay for equal work.

Proposed HB 6739 An Act Prohibiting Employers from Paying Disabled Employees Less Than Minimum Wage

Section 14(c) of the Fair Labor Standards Act, passed in 1938 (***before*** the civil rights era and ***before*** passage of the Americans with Disabilities Act in 1990), authorizes the Secretary of Labor to issue Special Wage Certificates to certain entities, permitting them to pay workers with disabilities subminimum wages. The Depression-era law was meant to give employers a financial incentive to hire workers with physical and mental impairments.

Today, the vast majority of 14(c)-certificate-holding entities are nonprofit "sheltered workshops" or "segregated work environments." Sheltered workshops are often presented as training programs to prepare people with disabilities to enter the workforce, but often the work can be menial or repetitive and very few transition to jobs elsewhere. In recent years, some sheltered work environments have been exposed for their abuse and exploitation of disabled workers. Abusive practices have included underpaying workers, compensating them with gift cards instead of wages, and withholding wages.

Our society has changed a great deal since 1938, especially with respect to our understanding and treatment of disabled workers. In many cases, sheltered work experiences have isolated disabled employees and kept them from integrating into the workforce. They do not promote independence and cut disabled workers off from opportunities in the mainstream labor market where they may otherwise be able to reach their full vocational, economic and social potential.

Because disabled workers are often more vulnerable to abuse and exploitation in workplace settings, they deserve the same full minimum-wage protections every other worker enjoys. Alaska, Maryland and New Hampshire have realized this and have eliminated subminimum wages for workers with disabilities. We urge this committee to join in that effort and support Proposed HB 6739.

Proposed HB 6913 An Act Concerning Covenants Not to Compete

Non-compete agreements are contracts between workers and firms that delay employees' ability to work for competing businesses. Employers use these agreements for a variety of reasons, including protecting trade secrets or reducing costs associated with turnover. Non-compete agreements were traditionally more common in professional or managerial jobs with higher rates of pay and greater levels of responsibility, but today these agreements are becoming common in entry-level and low-wage jobs, even in the service, restaurant and hospitality industries.

Amazon requires its warehouse employees to sign agreements that promise:

> *"During employment and for 18 months after the separation date, employee will not … engage in or support the development, manufacture, marketing or sale of any product or service that competes or is intended to compete with any product or service sold, offered or otherwise provided by Amazon."*[ii]

Fast food restaurants are also players in this arena. Washington Attorney General Bob Ferguson's Anti-Trust Division began investigating "no poaching" clauses in franchise agreements last year. They discovered provisions that prohibited employees from moving among restaurants in the same corporate chain. Only when threatened with a lawsuit, did seven corporate fast-food chains agree to end this practice.[iii]

The growing use of non-compete agreements is another way employers are rigging the system. By eliminating a worker's right to move to a better paying position, they artificially suppress wages, which in turn reduces overall economic growth. We applaud the committee for hearing this bill. We urge you to protect vulnerable workers by prohibiting non-compete agreements where they are not warranted.

Thank you for the opportunity to submit this testimony today.

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[i] http://ctbythenumbers.info/2018/02/26/pay-equity-remains-elusive-in-connecticut/

[ii] http://www.milkenreview.org/articles/the-rigged-labor-market

[iii] https://www.atg.wa.gov/news/news-releases/ag-ferguson-announces-fast-food-chains-will-end-restrictions-low-wage-workers