



Testimony of

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Labor and Public Employees Committee  
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***HB 5388 An Act Creating a Respectful and Open World for Natural Hair***

***HB 5381 An Act Concerning Public Enforcement Actions and Forced Arbitration Agreements***

***SB 350 An Act Codifying Prevailing Wage Contract Rates***

***SB 353 An Act Concerning Tipped Credit Workers and Indexing***

***SB 352 An Act Concerning Permanent Partial Disability and Pension Offsets***

Good morning Senator Kushner, Representative Porter 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 workers 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 testify on several bills important to Connecticut's working families.

***HB 5388 An Act Creating a Respectful and Open World for Natural Hair***

HB 5388 is an important step forward toward racial equality and freedom expression. As existing state and federal laws prohibit racial discrimination in schools and workplaces, one area has not legally evolved – natural hairstyles, traditionally worn by African American men and women.

Many African American women, men and children have been passed over for promotions, denied jobs, bullied or been terminated because of natural hair styles. The ideal image of professionalism was created from European features, but this norm adversely impacts individuals who do not naturally fall into that image. As Black employees and applicants adhere to grooming policies, they often employ harmful styling practices to alter the natural characteristics of their hair like heat straightening, or chemical permanent relaxers, both of which can lead to hair damage and hair loss.

This bill will prohibit employers from enforcing unnatural grooming policies that disproportionately impact people of color. By advancing the acceptance of protective hairstyles within corporate culture, this bill will draw attention to cultural and racial sensitivity in workplace grooming policies, extending beyond hair. Ultimately this bill aims to reform the Eurocentric image of professionalism in order to ensure and protect diversity in the workplace.

California, New York and New Jersey have already passed CROWN Acts and dozens of other states are considering similar legislation. We urge the Committee to support this bill.

***HB 5381 An Act Concerning Public Enforcement Actions and Forced Arbitration Agreements***

Today, workers' private right to enforce employment laws is increasingly hampered by pre-dispute arbitration provisions in job applications, employee handbooks, and contracts. Pre-dispute arbitration provisions can mandate that all employment disputes be addressed in individual arbitration, sometimes with an arbitrator who is chosen by the employer.

In recent years, more than 56 percent of the non-union, private sector workforce in the United States has lost the right seek justice on wage theft and workplace discrimination, as a result of forced arbitration clauses. Two-thirds of low-wage workers in the United States are now covered by forced arbitration clauses.

HB 5381 allows state agencies that currently bear enormous responsibilities to enforce employment laws, including the state Department of Labor, to outsource the risk and cost of litigation to the counsel hired by whistleblowers, while retaining the ability to oversee the case. The bill allows state actors to intervene, have an opportunity to vet whistleblower's counsel before an action is brought, and approve any settlements reached on behalf of the State. Through this mechanism, the public can act as a "force multiplier" for under-resourced state agencies, collecting penalties to deter violations and building a culture of compliance.

Under the current draft of HB 5381, 50% of civil penalties collected in public enforcement actions would go toward state agencies responsible for the enforcement of laws violated by defendant employers. HB 5381 would generate an estimated \$4.1 million a year in revenue for the state of Connecticut, money that would go in large part to strengthening the resources of state agencies to enforce the rights of Connecticut working people.

### **SB 350 An Act Codifying Prevailing Wage Contract Rates**

In the 1930's, the federal government and 18 states, including Connecticut, adopted prevailing wage laws to ensure that the hourly wages paid to construction workers in that area were maintained, and prevented low bid requirements from reducing the market price for labor to levels that would disrupt the local economy. The prevailing wage rate consists of a base rate and a fringe benefit rate which may be paid in cash and/or benefits. It only applies on new construction of a public works project is \$1 million and public works renovation projects of \$100,000.

Connecticut's prevailing wage rates are determined by the U.S. Department of Labor by conducting wage surveys. In Connecticut, the rates determined through collective bargaining are the prevailing wage rate. This means that, through the U.S. DOL's wage survey process, it is determined that the collective bargaining rate is the market rate. SB 350 seeks to codify what is already in practice.

Since the rate determined through collective bargaining agreements (CBA) is the prevailing market rate on building and heavy & highway work, there would be no change for any contracting if SB 350 were enacted.

The Connecticut Department of Labor must update the prevailing wage rates every July 1<sup>st</sup>. The U.S. Department of Labor must also update any rates to reflect any escalations or changes to a classification. Unfortunately, the U.S. DOL has not been timely or reliable in updating their wage determinations. This has led to administrative delays within the Connecticut DOL and created unnecessary confusion for contractors.

If changes to the U.S. DOL's methodology are made to artificially drive down wages, that would have an adverse impact on Connecticut's construction industry. With massive unemployment in the construction industry, we cannot risk a departure from the market rates at this time.

It is critically important to protect the integrity of our state's prevailing wage law. Codifying the CBA does expand prevailing wage protections into other areas or raise wages. It simply protects current practices. SB 350 will protect our state's construction industry from mismanagement within the U.S. DOL and from any attempts to artificially drive down wages. We urge the Committee to support this bill.

**SB 353 An Act Concerning Tipped Credit Workers and Indexing**

According to the Occupational Employment Statistics within the U.S. Bureau of Labor Statistics, Connecticut has approximately 48,000 tipped workers. They are disproportionately women, African American and Latino and in 2018 they earned a median hourly wage of \$10.57, inclusive of tips.<sup>1</sup>

The tip credit is a fraction of the minimum wage employers of tipped employees are allowed to pay as long as the gratuities earned by employees bring their wages up to the full minimum wage. Historically, the tip credit in Connecticut had been a percentage of the minimum wage. In 2019, when the minimum wage was \$10.10 per hour, the tip credit was 36.8% of the minimum wage for servers and 18.5% of the minimum wage for bartenders.

Public Act 19-4 gradually raised the minimum wage to \$15 per hour by 2023. Unfortunately, it delinked the tip credit from the full minimum wage. When the minimum wage went up to \$11 per hour on October 1, 2019, the tipped wage for servers and bartenders did not go up. Public Act 19-4 kept it frozen \$6.38 for servers and \$8.23 for bartenders. This provided employers with a significant discount.

<b>Minimum Wage and Tipped Wages Under Current Statute</b>			
<b>Year</b>	<b>Minimum Wage</b>	<b>Server Wage</b>	<b>Bartender Wage</b>
1/1 – 9/30/2019	\$10.10	\$6.38	\$8.23
10/1/2019	\$11.00	\$6.38	\$8.23
9/1/2020	\$12.00	\$6.38	\$8.23
8/1/2021	\$13.00	\$6.38	\$8.23
7/1/2022	\$14.00	\$6.38	\$8.23
6/1/2023	\$15.00	\$6.38	\$8.23

<b>Minimum Wage and Tipped Wages Under SB 353</b>			
<b>Year</b>	<b>Minimum Wage</b>	<b>Server Wage</b>	<b>Bartender Wage</b>
1/1 – 9/30/2019	\$10.10	\$6.38	\$8.23
10/1/2019	\$11.00	\$6.38	\$8.23
9/1/2020	\$12.00	\$7.58	\$9.78
8/1/2021	\$13.00	\$8.22	\$10.60
7/1/2022	\$14.00	\$8.85	\$11.41
6/1/2023	\$15.00	\$9.48	\$12.23

If the tip credit hadn't been delinked from the full minimum wage, servers would have earned \$.57 more per hour when the minimum wage went up to \$11.00 in October 2019. Bartenders would have earned \$.74 more.

As the chart above shows, the wage for servers would have been \$9.48 and \$12.23 for bartenders in 2023, if the link remained. That means employers will save \$3.10 per hour per server and \$4.00 per hour per bartender. That's a 22% discount on servers and a 26% discount on bartenders. The employer will save \$124 per week for each full-time server and \$160 per week for each full-time bartender. Conversely, that means each full-time server has lost \$3.10 per hour and \$124 per week. Each bartender will lose \$4.00 per hour and \$160 per week in 2023.

SB 353 restores the connection between the tip credit and the full minimum wage. We urge the Committee to support this bill.

<sup>1</sup> <https://www.bls.gov/oes/current/oes353031.htm>

**SB 352 An Act Concerning Permanent Partial Disability and Pension Offsets**

This bill prohibits municipal or special taxing district pension systems from diminishing or eliminating a retiree's rights or benefits due to the retiree's receipt of workers' compensation permanent partial disability benefits on or after October 1, 2020. Under the state's workers' compensation statute, when a physician indicates that a claimant has reached maximum medical improvement from a work-related injury, the claimant may receive permanent partial disability benefits if the injury consists of a substantial loss of a body part or a permanent partial loss of function. Workers who have sustained such injury should not also be subjected to reduced pension benefits. We urge the Committee to support this bill.