Testimony of Ashley Zane
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Labor and Public Employees Committee
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My name is Ashley Zane and I am a Government Affairs Associate for CBIA, the Connecticut Business and Industry Association. CBIA is Connecticut's largest business organization, with thousands of member companies, small and large, representing a diverse range of industries from across the state. Ninety-five percent of our member companies employ 100 or fewer workers.

CBIA opposes SB 7, SB 12, and HB 5166.

These bills would require businesses regardless of size to provide 40 hours per year of sick time regardless of industry and effective as early as October, 2024. While these bills are very well intentioned, a one size fits all policy is not a solution. The state should not be treating "mom and pop" shops on main street the same as multi-billion-dollar corporations. Connecticut is already the 8th highest cost of doing business in the country, and these bills will only add to our reputation of being a bad state for business.

There are over 94,000 job openings in the state and a workforce crisis that is forcing private companies to seriously examine employee benefits and wages. In CBIA's Survey of Connecticut Businesses, 27% offer flexible work scheduling, 16% offer flexible paid time off policies, and 92% of companies offer health insurance as part of the benefit package. Many small companies are already offering paid time off in order to recruit and even more importantly, retain their employees. Companies who can't offer paid time off are at a significant disadvantage. Simply because a state statute doesn't require them to offer paid sick leave, doesn't mean companies are not offering it. This piece of legislation will have significant unintended consequences to our most vulnerable businesses who are already working towards improving benefits and recovering from a pandemic.

CBIA also has concerns about eliminating the industry exemptions. In a report issued February 15, 2024, by Ernst and Young, Connecticut ranks third in patent activity but ranks 27th in introducing new or improved products to the market. Additionally, wage costs are 6.3% to 34.6% higher than benchmarked states. Essentially, Connecticut is innovating, but not producing in the state because of the costs of doing business. These bills will impact the entire manufacturing ecosystem in the state which is responsible for $15.3 billion in exports. The sector also supports $14.7 billion in wages with an average salary of $92,633 per year. In addition to impacting small manufacturers, these bills add additional costs and risks to the supply chain for some of our largest employers in the state.

Over the past few years, the state has invested in growing our small businesses through incubator programs, grants, and other assistance programs. According to the Governor's Office, the state has supported over one thousand small business start-ups over the last few years, primarily women and minority owned. These are the businesses that will be impacted. Not every start-up company can provide 40 hours of paid sick leave on top of rising costs of inflation. The smaller the business the harder it is to manage all the administrative overhead. This bill is counterproductive to efforts already made by the state.

CBIA also has significant concerns about the effective date of the bills. With some as early as October, 2024, this date does not leave companies with a lot of time to comply. Expanding paid sick leave to small businesses that have not had to implement this policy, will require investment in technology to monitor and track hours. Additionally, the bill instructs the Department of Labor to create a model notice and posters to accompany the policy change, however, this could be done after the bill has become effective leaving thousands of companies to guess and hope they are compliant.

Connecticut already offers one of the most comprehensive paid family medical leave programs in the country. We urge the committee to take no action on these bills and find solutions that encourage a healthy business climate for all industries.