

Dear [insert legislator name],

Our broad-based coalition comprises organizations representing thousands of businesses that employ hundreds of thousands of workers across Connecticut.

Legislation to increase the minimum wage and establish a paid family and medical leave program has been introduced for your consideration. We are deeply concerned that both proposals will have a significant financial and administrative impact on businesses in the state and result in several unintended economic consequences. Many employees, employers, taxpayers, and consumers will be adversely affected.

Minimum Wage

Concerns

A \$1 increase per year in the hourly minimum wage for four consecutive years to \$15 is particularly difficult for many businesses to absorb or pass through.

Such a dramatic, accelerated increase will have significant negative consequences, including, but not limited to:

- Price increases
- Pass-through costs to consumers
- Automation
- Fewer entry-level or low-skill employment opportunities
- Layoffs
- Unfunded mandates to municipalities
- Higher costs to taxpayers (The nonpartisan Office of Fiscal Analysis found last year's proposal would cost taxpayers at least \$50 million annually through increased compensation and contract costs to state agencies and municipalities.)
- Demands by more experienced workers for higher wages as less experienced workers begin to earn more

A dramatic increase in the minimum wage will drive up the cost of living and cost of doing business in Connecticut, constrain economic growth, and slow improvement in the state's quality of life.

With that in mind, the coalition strongly urges you to consider the following recommendations, which we believe will moderate some of the negative impacts of this proposal on the state's workforce, business climate, and economic recovery:

- Extend the staggered increase to six years.
- Expand the state's existing training wage.
- Do not implement indexing, which would guarantee future automatic increases.

Paid Family and Medical Leave

Concerns

As has been proposed, paid FMLA is not free; workers, employers, and taxpayers will bear a significant cost.

- Workers will see pay reductions of at least 0.5% whether they utilize this benefit or not.
- Employers will be required to continue to pay non-wage costs for those using the program, i.e., unemployment compensation, workers' compensation, health insurance, and more.
- Taxpayers will pay for the projected \$13 million in startup costs and \$18 million in ongoing costs to administer the program.
- Employers will be responsible for administrative compliance, such as transferring wage deductions to the state and managing workplace absences.
- Employers, particularly smaller companies, will bear the cost to hire replacement workers.

Please consider the immense burden paid FMLA imposes on employers and Connecticut's struggling economy:

- Ensure that employee funding meets the benefit cost.
- Consider adopting a 60–70% wage replacement rate, similar to other states.
- Consider stronger provisions that discourage fraud.
- Consider treating all employers equally, whether they be sole proprietors, the state of Connecticut, or any other type of employer.
- Consider not requiring employers who use independent contractors to pay this benefit to their contractors.
- Consider allowing employees to opt out of the program.

The employer community stands ready to work with lawmakers in support of sound policies that will help grow jobs and the economy and address the state's fiscal challenges.

Thank you for your consideration.

CBIA, representing thousands of large and small businesses across the state
Connecticut Coalition of Property Owners
Connecticut Franchise Association
Connecticut Lodging Association
Connecticut Retail Merchants Association
Greater Danbury Chamber of Commerce

Home Care Association of America - Connecticut
Independent Insurance Agents of Connecticut Inc.
Northwest Connecticut Chamber of Commerce
Utility Contractors' Association of Connecticut
Waterbury Regional Chamber, representing more than 1,000 businesses