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From: Michael Seid

Re: Questions from Chairs

Date: 14 September 2016

I apologize that I cannot attend this month's important meeting. I will be attending long scheduled meetings on Capitol Hill in DC discussing the minimum wage, other labor issues and ways to improve the delivery of social services at the Base of the Pyramid in emerging markets in the United States and internationally. I would be happy to brief you at our next meeting on those visits.

The chairs have proffered three questions:

1. What are the benchmarks/factors you believe are the most important in deciding whether or not to recommend raising the State's minimum wage?
2. If you had to vote today on raising the minimum wage in Connecticut to $15.00 incrementally over the next few years, would you support or oppose? Why?
3. What are your thoughts regarding automatically indexing the State’s minimum wage to inflation?

Response:

There are serious economic problems facing low-skilled, low-wage workers in Connecticut. According to the U.S. Department of Labor, nine of the top ten “occupations with the most openings” fall into wage categories defined as low and very low wage positions. These are generally all low-skilled positions that require no more than having generic skills. Turnover in these positions have historically been high and since the requirements of the positions, even
across diverse industry lines, are fungible, replacing these workers is more of a manageable condition than a problem for businesses. Compounding the problem for low-skilled workers are:

- Businesses are highly adaptive and routinely look for ways to replace or reduce their need for low skilled workers through automation;
- Disruptive innovation, as we transition to a tech economy, is eliminating the need for low-skilled and many medium skilled positions entirely; and,
- Businesses are risk adverse and make choices on where to invest their capital.

Businesses choose markets where costs and regulatory burdens are lower and where there is a higher likelihood of an economic return for their investors.

Equally daunting is that while “58% of jobs created since the Great Recession ended have been lower wage jobs” according to the Bureau of Labor Statistics, the number of people that have dropped out of the labor force is the highest percentage in generations. While the U.S. population grew by 8% since 2004, the number of people who left the workforce grew by 17%. This is a population of workers with higher skills and work maturity not generally attracted to low-skilled, low-wage first rung on the ladder positions.

The minimum wage was a New Deal program developed at a time when manufacturing was our dominant industry. Service jobs, while they existed, had significantly less importance than they do today. Because manufacturing processes have changed and automation is solidly engaged in the process, fewer workers are needed in the factories to create a comparable amount of goods. The jobs that are available require a substantially higher skill set than they did previously. As reported to us by the State’s economist, even though there are currently a significant number of unfilled manufacturing positions available in Connecticut, those slots go largely unfilled because of the lack of trained workers in our state. It is in the interest of companies to hire and retain the best workers they can and when the basic skills required in the workforce are unavailable, those factories either close or move elsewhere.

A simplistic solution, as proposed by the advocates of an increase in the minimum wage, can be expected to draw those sidelined workers, currently not in the labor force, back into the job market. This will be devastating to those low-skilled workers currently filling the available positions, as they will be unable to compete should positions they are qualified for become available. Further, in an economy where people are working longer because retirement is economically impractical, naturally occurring transitional openings are slowing. Wage contraction, bringing in entry level workers at pay rates historically achieved over time by other workers, will prove challenging as businesses will not further increase their overall cost of labor by proportionally increasing the salaries of their existing workforce to keep pace with an increased minimum wage.

None of the above even begins to look at the issues caused by the Affordable Care Act, the classification of full time work as 30 hours, the redefining of independent contractor fueled by SEIU and other labor unions to foster their organizational efforts, the implementation of an improper joint-employer definition by the Department of Labor and the National Labor Relations Board and the progressive legislative and administrative policies created and advanced by the Federal Government and States like Connecticut.
I expect that the workers most impacted because of this will be home health care providers, child care providers, non-skilled nursing aides, wait staff and back of house workers in restaurants, security guards, cashiers, janitors, meter readers, retail sales associates, drivers, hospitality employees, retail stock help, clerical office workers and those positions generally categorized as laborers. These are all positions once viewed as first rung positions, each temporary, transitional and never intended as careers to support a family. Proponents for a further increase in the minimum wage illogically assumes that by raising the cost of this labor we will somehow change the temporary and transitional nature of this work or its economic value to employers. As Milton Friedman once stated, “businesses are not charities” and the minimum wage ensures “people whose skill are not sufficient to justify that kind of a wage will be unemployed.” It has always been and always will be the case that when a person’s economic contribution to any business is exceeded by their cost to that business, they will simply not be employed by that business.

There also can be no argument, based on the economic condition and performance of Connecticut, that the state is clearly viewed by business as being inhospitable. We are unable to retain or attract a significant number of companies that create opportunities for higher than minimum wage positions. Our inability to attract companies offering high-skilled, high wage positions has polarized our workforce into high income and low income workers because we have significantly eliminated the opportunity to create the tech-driven or manufacturing jobs needed to replace those lost by our shrinking middle class.

Connecticut has lost, with the exception of defense contractors, most of its manufacturing base. The insurance industry is departing. General Electric has moved to Massachusetts, our highest individual taxpayers are moving to other states and, we have seen no indication that high tech companies that have fueled the growth in the economies of other states are even considering Connecticut for any economic development. For each low-skilled, low-wage job we have been able to create in Connecticut an equivalent number of high paying positions have either moved out of the state or have merely vanished. This has caused a dramatic impact on our state’s tax base and revenue and an explosion in our social services costs and underfunded needs.

According to a report by Connecticut Voices for Children, since 2001 “private sector jobs in low-wage industries has increased by 20 percent, while the share of private-sector jobs in high wage industries in Connecticut decreased by 13 percent.” The same report reveals that since 2010, 44 percent of private sector job growth in Connecticut has been in low wage industries and the “intensity at which the state shed high-wage jobs increased during the Great Recession.” This is in a period that saw Connecticut increase the minimum wage five times ($7.65 in 2007 to $9.60 in 2016) with a sixth increase coming in January 2017 to $10.10.

During a period of economic decline with massive losses in high paying jobs, Connecticut was proud to proclaim itself, at the time, as having the highest minimum wage in the nation, even though it contributed to a job swap from high-wage jobs to low-wage jobs. It is unfathomable to believe that given that history and our current economic condition that we are even considering a further increase in the minimum wage today, before we have discussed how to fix our underlying problems.
Study after study has shown that Connecticut lags in the bottom quartile or lower for economic development in the United States and behind all other states in New England and New York in the corporate investment necessary for the creation of jobs. One that we did not review during our meetings is an interesting study that measures the trailing influence of progressive policies on a State’s economy. United Van Line publishes a study that measures the outbound migration by companies and taxpayers in each state. According to their most recent state-to-state migration study, Connecticut ranks 6th for outbound migration. There is no indication in any study we have reviewed that this trend is going to change and it is disturbing that in measuring net job creation Connecticut’s economists and proponents of increasing the minimum wage view the creation of a low-wage position as an equivalent balance to the loss of a high-wage position. It is not and our tax roles and increasing social services costs reflect this fact. According to the Department of Labor until 2000 manufacturing was the prevalent middle class job available in the United States. Whatever the cause, those jobs have declined and those workers have either left the job market or have reluctantly transitioned to lower paying positions.

Connecticut at $9.60 per hour already has one of the highest minimum wages in the United States. This is scheduled to increase in to $10.10 in January 2017. Just as tariffs on imported goods and taxes on cigarettes and gasoline are meant to reduce demand, a further increase in the minimum wage will guarantee that businesses will simply employ less. Simple economics tells us that when something costs more people will either use less of it or will simply purchase none of it. Businesses are no different and there is no reasonable expectation, should our already high minimum wage be further increased, that we will be able to retain or attract new businesses. The resulting job loss and job swap will continue and the result will be an explosion in our already unsupportable and unsustainable social service costs. For low-skilled workers, a further increase in the minimum wage will accelerate the death spiral for job creation that we currently have.

We are at a tipping point. Any further increase in Connecticut’s minimum wage, before pro-job solutions can be created, will bake generational poverty into an important part of our state’s work force. I therefore can see no circumstance that would allow me to support a further increase in Connecticut’s minimum wage today and I encourage the other members of the Low Wage Board to reject increasing the minimum wage also, at this time.

I do not mean to insult anyone on the Low Wage Board as I respect each of you as professionals. However, it is well recognized that this board was legislatively crafted to ensure that there would be a recommendation to further increase the minimum wage. This is a legislative reality as increasing the minimum wage is a way to temporarily attempt to mask the economic problems in Connecticut and blame businesses for causing the problems faced by our low-skilled, low wage workers. Had the legislature seriously been looking for something other than justifying a further minimum wage increase, it would have first admitted that the cause of our current economic plight were the progressive policies that resulted in legislatively induced economic self-immolation and they would have appointed a board with a broad representation from the business community that actually create the jobs needed by our workers. The Chairs of our board would have also included one of those business members and the path toward deliberating the critical needs of our workers would have been quite different. With his refusal to raise taxes and his decision to lay-off workers, thankfully Governor Malloy apparently is beginning to understand the underlying causes of our State’s problems and I would hope he will reject, as Governor Christie of New Jersey recently did, any further increase in our minimum wage.
I strongly disagreed with the board’s decision to first focus on considering any minimum wage increase before deliberating first on solving the underlying causes for the problems faced by our low-skilled, low-wage earners. We should be looking at ways to improve their net income without costing them their jobs. At the time that decision was reached, and this was long after the board began its deliberations, I was the only representative of the business community on the board. Since that time only one other for profit business representative has been added to a thirteen-person board. I am under no illusion that our board will likely vote to further increase the minimum wage in Connecticut in some fashion. Upon the board’s issuance of such a recommendation, I expect that I will offer a dissenting opinion, with alternative recommendations and hope that others on the board will join with me at that time.

**The Causes For Job-Loss And Under Employment For Low-Skilled Workers**

Even if the job market was static; even if there was no negative reaction to an increase by business; and, even if we raised the minimum wage to $15.00 immediately or in stages, it would not be sufficient to create a living wage, given the cost of living in Connecticut. Assuming that a minimum wage should be no less than 60% of the median wage paid, we would need to raise the minimum wage somewhere in the range of $16.00 to $20.00. That would still be insufficient for a single parent as it bakes them into a level of income inadequate for them to own their own home, save for retirement, pay for their children’s education or safely achieve and maintain a middle class existence. Unfortunately we do not live in a static job market and businesses will naturally react to a higher cost of labor. These workers will continue to need some form of social service support from the State and as overall costs increase in Connecticut, they will most assuredly return relatively quickly to the poverty line, even if this board pegged even further increases to inflation or another multiplier. Any short-term benefit will not be broad based, as many of the low-skilled, low-wage workers will not find jobs at the higher pay-scale and many that do will see their hours available reduced.

We have had multiple presentations on the economy in Connecticut with each presentation showing that our state is substantially below the national average in each measured category of economic growth and that we even trail other states in our region. States including Washington, California, Texas and Oregon have seen substantial increases in 21st century job creation that do pay substantially higher than minimum wage. Manufacturing in the United States, according to the Congressional Research Service, has risen “approximately 9% since the most recent low point in 2009,” but none of that growth has found its way into Connecticut.

While low-wage workers in states with robust economies have not felt the full impact of job losses, early indications are that low-skilled jobs in Seattle have indeed been impacted. The full measure of the impact has been partially masked due to the expansion of disposable income from the workers making higher wages in Washington in general. That will not occur in Connecticut as our economy is and will continue to decline due to our inability to attract companies that pay high wages.

Proponents of an increase in the minimum wage blame the job creators for the problem and that supports business’ view of Connecticut having an anti-business environment. Senators Moore and Gomes cite the unfairness of the wage differential between executive compensation and
low-skilled workers pay and use this as an argument to advance new progressive regulations, increase taxes and justify an increase in the minimum wage. Their arguments have little basis for several reasons. First, the companies they cite frequently are not those that employ a high percentage of low-skilled minimum wage workers like the insurance industry. Second, they frequently mention franchisors that do not employ workers in Connecticut, except for those locations owned and operated by the franchisor. Most low-skilled workers are employed by small independently owned businesses, including franchisees, whose profit per worker is dramatically lower than the larger companies in the high-tech, banking and similar industries. Independent small businesses generally operate on razor-thin margins and any dramatic increase in their labor costs puts both the small business and the jobs they create in jeopardy.

Having a high minimum wage is not going to make us more attractive to business creation in Connecticut. Despite all of the testimony and information provided to the Board, there has not been one argument advanced by any member of the board or any of its speakers that a higher cost of labor, an increase in regulation or higher taxes will make Connecticut a more attractive place for businesses to invest. The closest any presenter has come to responding to this fact is the advancement of an argument that such increases will have a neutral impact on job creation. However, as discussed below, the overall facts make a neutral outcome highly unlikely.

With our increase to $10.10 in January 2017, Connecticut will continue to have one of the highest minimum wages in the nation and in our region. Even in states that have a growing economy because of their ability to increase its manufacturing base or attract hi-tech companies, which has not occurred in Connecticut, the early results is that jobs and hours and jobs have been lost. Seattle, which is frequently cited as proof of no negative impact due to an increase in the minimum wage has lost low-wage jobs. Even if you disagree with that fact, Seattle has not created jobs at the same rate as other cities in Washington where the minimum wage has not been increased. As noted above, there can be no comparison made between the economic conditions in Washington and Connecticut as Washington’s economy is growing because of the high-tech jobs being created there and those high paid workers can afford the increased consumer costs passed on to them. In Connecticut we cannot.

What workers are experiencing in Connecticut and generally in other markets where the minimum wage has been increased, is higher wages for a few, the loss of jobs and hours by many and, new job creation going elsewhere. Where there has been any benefit, it is because the economies in those markets are robust, are attracting jobs at a higher pay scale and consumers can absorb higher costs. That is not the case in Connecticut where we have lost approximately one high-wage position for each minimum wage job that has been created according to the State’s economists that presented to us. This has created a challenge to our budgeting and has also caused the necessary loss of jobs in the public sector.

What this board has so far substantially ignored is that businesses have not remained static and had already begun to reduce their need for low-skilled workers. Increasing the cost of labor and promising low-wage workers that their income will go up because of it, is unconscionable because the evidence has shown there is a significant probability that it won’t. The Fight for $15 and the actions of the DOL, NLRB and SEIU may not have caused the decline in available jobs at companies that employ low-skilled, low-wage workers, but they have most certainly accelerated this labor-lite trend.
There have been arguments advanced by proponents of a further increase in the minimum wage on this board that businesses and consumers will simply absorb these higher costs and that an increase in the minimum wage will reduce turnover and improve efficiency. They argue that a higher minimum wage will result in more spending by low-wage workers in the State that will improve our State’s economy. Business decisions are not made theoretically and each of the claims of illusionary benefits made by people that do not actually employ any workers have seen significant pushback from business owners that actually do employ workers. An independent businessperson generally views their bottom line as their family’s total income. Increasing their labor costs will substantially eliminate that income for many small businesses.

I find it bemusing that the unions are pushing for a higher minimum wage, as their purpose is different than those that argue for it on a compassionate level. Unions seek a higher minimum wage, as they always have, because in doing so they are able to increase through negotiations the wages of their own members. I don't fault unions for taking that position. But, let's not forget that unions also argue vehemently against any reduction in their ability to block their own employees from seeking union representation, they do not pay their own low-skilled workers the $15.00 per hour they would like to mandate on others, they have asked for exemptions from the higher minimum wage for their own members in California and elsewhere and, most recently, they argue that they should be exempted from the precise definition of joint-employment they wish to impose on other businesses. Unions are after all simply a business. They employ low-skilled low-wage workers like many other businesses. The difference however is that while they advance rules and regulations to impose on other businesses they also lobby against those same rules and regulations being applied to them.

The arguments that any significant percentage of low-skilled, low wage workers will see a dramatic improvement in their income by an increase in the minimum wage is unsupportable on many levels and fail in their entirety because many of the low-skilled jobs will simply no longer exist. Business is adaptive, companies have choices on where to risk their capital and Connecticut’s continuation of being anti-businesses will not improve our economy nor does it support any notion of an increase in job creation. The concept that business will not react is naive.

We are in a period of economic transition and disruptive innovation is nothing new and its impact on workers is well known. This is a fact the board has ignored. Let’s examine disruptive innovation and technology and its impact on low-skilled jobs that have already occurred or that are being introduced today. Let’s also reflect on the fact that the changes and adoption of tech solutions, being introduced today, will be common by the end of this decade.

There was a time that attendants used to fuel our cars, wash our windows and check our tires. We have forgotten those workers from long ago. Before ATMs, Bluetooth self reporting water and electric meters, self-checkout in groceries, on-line purchasing, kiosks at airports, emails that replaced snail mail and, lap top computers that replaced data entry workers and typists, low-skilled workers were required to staff those positions. E-commerce has caused a decline in bricks and mortar location’s sales jobs because Amazon and other on-line merchants require fewer workers than brick and mortar stores. The list of companies and jobs lost because of disruptive innovation is long. Part of my firm’s practice is to consult with manufacturers and retailers on “retail theatre” which is a methodology meant to simply reduce the speed of this transition away from brick and mortar retailing.
Consider that it took thirty years for the automobile to have commercial impact as we waited on the oil industry to expand its distribution network at the turn of the 20th century. Tesla’s electric fuel distribution network has already been in existence for more than 100 years. We can order their cars today on line without the need for dealerships and local repair centers. How long does the board believe before legislation and the further advancement in cars will enable the rest of the auto industry to follow Tesla’s dealership and labor lite model? Google and Uber are testing driverless cars and trucks. In addition to eliminating driver jobs, it will lower the operating costs for business, improve highway safety, improve the environmental use of fuel, lower consumer costs and benefit parents, the handicapped and the aged. Even self-driving boats for pleasure, commercial use and oceanographic research are being introduced. Many of those jobs will not exist within a decade.

In the QSR industry, the industry that employs a significant percentage of the low-skilled, low-wage workers in back-of-house and front-of house positions, technology is already replacing low-skilled workers. Robots are being introduced to prepare and cook menu items eliminating back of house positions. The cost for a single robot is coming in at a predicted cost of around $25,000 per machine. Robots are depreciable, available 24/7/365, need no vacation, sick day or health insurance, are outside of the regulatory scope and reach of DOL, NLRB, OSHA and SEIU and each robot replaces multiple workers. The result for businesses and consumers will be improved quality and consistency standards, the ability to customize orders, improved speed of service and an improved bottom line. Front of house wait staff in full service restaurants are already being replaced by tablets for ordering and are preferred by millennials based on focus groups. Even businesses that deliver food and other products to consumers are using the gig economy by using Uber and Lyft to replace their employed drivers and delivery drones are no longer science fiction.

Telemedicine is already lowering medical staff needs in the United States and it is being used globally to deal with the cost of delivering medical services and the shortage of professional staff. The result is improved quality of medical care received by patients. Homecare robots are already replacing homcare providers in Japan. Because of the ability to link those homecare robots with telemedicine, the care provided to homebound individuals is higher than the care delivered by low-skilled non-medical home care providers today. Hospitals are replacing low-skilled nurses’ aides with robots to deliver medicine and other supplies to patients and medical staff and there has been a marked improvement in efficiency and a lowering of cost.

Hotels are using on-line check in, check out and smartphone keys and are offering guests a reduction in room costs for not having their rooms serviced daily. In the process they have reduced their labor costs, lowered their staffing needs and improved the guest experience. TSA has announced the planned introduction of biometrics at airports to reduce labor, improve security and speed up the check in process. Airlines have already reduced their personnel needs at counters through on-line ticketing, kiosks at the airports and self baggage check in and will soon be introducing biometrics to further reduce their check in personnel, even at the gates.

Colleges and universities are looking at ways to lower their cost of teachers by creating or affiliating with accredited on-line universities such as U2 that leverages the existing teacher network nationwide at a lower cost per student. Students adopting an on-line education are able to select professors from a variety of schools based on the competence of that instructor and do so at a lower cost for achieving their degree education. Skilled positions such as reporters, have been impacted by social media and the number of professional required at traditional news
sources has decreased. Even in the U.S. Navy, the Zumwalt, our nations largest destroyer, has been launched with a crew less than 50% the size of our other destroyers because of technology and disruptive innovation and the Air Force needs fewer combat pilots because of drones.

Technology and innovative disruption has reduced the need for labor in a host of industries and at the same time has improved those industries performance. This is a normal and natural occurrence during every economic transition, and this one is no different, except it is happening faster. Without a doubt technology will result in the creation of a significant number of new jobs, but none of them will be available to those without the needed skills and few if any will be allotted to low-skilled workers.

In not a single economic study that has been presented to us has any economist factored in disruptive innovation and technology into their analysis and have generally based their opinions on a static employment market. I have also seen little examination into the impact on existing workers because of the wage contraction that will be created when workers currently earning a higher wage based on their work history and experience are confronted with the reality that they will not share in the minimum wage increase. What exactly will be the impact on the current higher-wage worker unable to get a raise, because the available company revenue will be going to employees that lack their experience and are now making the same salary as they did after they worked years to gain the necessary experience to earn their pay increases? Does anyone on the board actually believe that companies will simply raise all of their workers pay?

**We Need To Focus On Sustainable Solutions Before We Consider Any Further Minimum Wage Increase**

There are several critical issues that must be addressed before we consider any further increase in the minimum wage. In addition to beginning to address the underlying causes that trap low-skilled workers in minimum wage positions, the solutions need to be sustainable, implemented quickly and benefit many of the immediate problems we learned from the testimony heard at our public hearings. We should be addressing, before considering any further increase in the minimum wage, several factors, including, but not limited to:

- The percentage that eligible recipients receive from the Earned Income Tax Credit ("EITC") should be increased. This will immediately increase the income for low-wage workers without penalizing the job creators. It should re-developed in a way to include a path to eliminate its need over time;
- We need to address the lack of high quality, low-cost day care so parents can work and receive the training they require to earn the higher paid jobs being created in the 21st century tech-economy. This will require us to examine how the child care subsidy currently provided is funded and who should be eligible;
- We need to address a necessary restructuring of the social services cliff that penalizes social service recipients when they are able to earn more;
- We should be looking at eligibility requirements for government assistance and improve the quality, cost and dignity of how we distribute all government assistance to the workers that meet those criteria.
We should examine all state regulations or union negotiated contract terms that limit a low-wage worker’s ability to be fully employed.

The claim that job creators are being subsidized by the State because low-skilled, low-wage workers need to receive social services is preposterous. The social service needs of these workers are being substantially caused by the progressive policies that have deprived them of the ability to secure jobs that pay a living wage. The minimum wage is being used as an excuse not to address the underlying causes of the problem. Besides being untrue, all this claim of State subsidization does is further exasperate the recognition that Connecticut is not a business friendly state and not a place to risk business capital in. Connecticut, despite its rich history is simply not that important a market when compared to other States and countries that provide businesses with a better opportunity for a safer return on their investment.

There are significant other steps we should be taking to create jobs high paying jobs in Connecticut.

Improvements Are Needed In Education

- We need to prepare our workforce for the 21st century jobs that will become available:
  - Revitalize our apprentice system including expanding the definition of tradesman to ensure we have the talent base necessary in the emerging fields when those jobs become available;
  - Provide initial and continual career counseling to low-skill workers as the transition will be difficult for them to achieve without our help;
  - Improve our deliver of K-12 education by:
    - Examining how schools are funded to ensure that the necessary resources are available;
    - Measuring teacher’s output as the private sector measures its employees;
    - Immediately eliminating tenure and if necessary disenfranchise the teachers unions if they are the cause for allowing low performing educators to remain in the system;
    - Supporting the creation of charter schools sufficient to eliminate any lottery requirement;
    - Providing parents with the right to choose the schools their children attend so that all children, not just those in high income families, can get the best education possible;
    - Adopting a voucher program to pay for those schools; and,
    - Closing those schools that no longer provide the educational excellence all of our children deserve.
  - Invest in an expansion of access to broadband to ensure that the children of low-wage workers have ready access to this essential educational tool.

It is imperative that we ease the psychological burden on low-wage workers about their children’s future by ensuring that all children, despite their family’s income or circumstance, have the chance for an amazingly positive future. Let’s focus first on what is essential for our children and not on protecting bad schools and teachers. Wherever possible to improve quality
and lower cost, align and outsource appropriate elements of education to the private sector, which has a proven track record of efficiency and cost effectiveness.

- Provide all non-native English-speaking workers with training so they can be fully fluent in the spoken and written English necessary to move forward in their careers.

It was simply absurd that Connecticut residents who have lived in our State for more than ten years needed interpreters at our hearings. It is appalling to me that not one of us on the Board even addressed with those workers how their lacking the capability to speak English was not an impediment to improving their income earning potential. Do we honestly think that having a deficiency in such a basic skill makes those hard working individuals more employable and more valuable to most employers?

**Our Cost Of Government Is Too High and Infrastructure Spending Too Low**

- Partner with the private sector to find ways to reduce the cost of delivering state services, including outsourcing those services where cost savings are possible;
- Focus on improving the quality of the social services we now provide and ensure the dignity of delivery to the person requiring that support; and,
- Stimulating trades jobs through increased investment and cooperation with the private sector on infrastructure spending should be considered.

In comparison to other states, including those within New England, we are extremely overstaffed at the public sector level, even after the Governor’s relatively modest job cuts. Our process for awarding infrastructure investment needs to be examined with a focus on maximizing job creation, regardless of the pushback and restrictions currently imposed by the unions. I offered to Senator Moore, during my extended testimony at her committee, to bring the private sector to the table to look for solutions, but she ignored my offer. Those are part of the discussions I have been asked to have this week on Capitol Hill.

- Adopt the gig economy processes used by the private sector to the state government to seek ways to reduce the cost of delivery and improve performance; and,
- Eliminate non-productive methods or human resource practices in State workers.

**Attracting And Retaining Job Creators**

- Review and reverse all progressive anti-business regulation. This should be done in cooperation with current and potential employers to seek solutions and to change the narrative regarding Connecticut being an anti-business development State;
- Stop blaming businesses for the problems in our State cause by the excessive progressive policies of our legislature; and
- Work with businesses to create the skills in our workforce necessary to meet their needs so that Connecticut can again be attractive to them.

Governor Malloy is negotiating, on a case-by-case basis, concessions for some companies to attract or retain them in the state with limited success. The need to do that is caused by the progressive anti-business policies we already have in place, and the expectation by businesses that our legislature will continue down this path in the future. If we are going to attract
companies that can afford to pay higher wages, we need to change our policies and highlight our benefits so that we again can be attractive to companies capable of creating new jobs and hopefully we can retain the few we have left.

Small business ownership has been and still is one of the major paths for Americans to become part of the middle class. Yet at the Federal level and most certainly in Connecticut, regulatory impediments to small business creation have been created. In the legislative session that just passed, even more were threatened. Our state has done absolutely nothing to create incentives for small business creation, even with the knowledge that the major path to small business ownership has been driven substantially by those who have worked for small businesses and have gone on to open and operate their own small enterprises.

**It Is Time That We Recognize That Unions Are A Material Part Of The Problem And That They Offer Little In The Way Of Solutions**

Given the makeup of the Low Wage Board, I fully expect little support in even acknowledging that many of the problems faced by-low-skilled, low-wage workers in Connecticut have been caused by the progressive policies advanced by Labor Unions in our State.

I am a product of union members and union organizers and grew up with the benefits union membership provided to my family. For that reason, although I have absolutely no need to pay dues to any union and I get absolutely no benefits from my membership, I am a union member and proudly carry my union membership card in my wallet. I am far from being anti-union but I am most certainly disillusioned in what unions have become. Unions have advanced progressive policies that have created the perception and the reality that Connecticut is an anti-business state and have hurt our economy and our workers.

It is estimated that less than 6% of union members today have ever voted to certify their unions. The members that certified unions in the past have long ago retired or passed on. The decline in union membership (now down to approximately 6.7% of the private sector work force) saddens me. Were it not for legislative mandates and the administrative policies of the DOL and NLRB, advanced by SEIU and other unions, that mandate union membership in order to gain many public sector and private sector jobs, I would expect Unions to be a relic of my parents, uncles and aunts’ generation. Witness that when given the legislative choice, union members in considerable numbers, have chosen to drop their union affiliation in other States. Despite what Union leadership proclaims, their members have spoken loudly each time they have been given the opportunity to leave their unions.

Unions, in their own interest, have advanced many of our progressive policies but those policies have not advanced the cause of their members or other workers in Connecticut. If they had, Unions would not fight against the notion of periodic recertification by their members that they have advanced through the DOL. Unions have advanced policies with the legislators they contribute to that have caused the decline in the efficiency of our State, and have also driven to an unsustainable level the current and future costs of managing our State and creating infrastructure jobs. As noted above, they also want to be exempted from the rules and costs they wish to have imposed on other businesses.
These progressive policies have substantially advanced the anti-business perception of Connecticut that has caused companies not to invest in Connecticut and that have cost us jobs. Unions, instead of focusing in on their historic role in apprentice training and job counseling have instead put that burden and cost onto the public sector. They play absolutely no role in attracting businesses into our state and create disincentives for job creation.

If this board wishes to examine state subsidization of private sector companies, let it also examine how the policies of our state are subsidizing the unions at the detriment to our economy and the creation of new jobs. Instead of using their considerable financial resources to benefit their members and other workers, unions instead use their sizable resources to support favored politicians.

- We need to consider recasting the role and reduce the influence of unions in government to eliminate any unnecessary costs and to improve worker efficiency; and,
- We need to address Union policies that impact our ability to attract companies to our State and that are hurting high-wage job creation.

Unions are the only business guaranteed a steady customer flow because of government regulation that mandates union membership for certain private and public sector jobs. This forced membership needs to stop and Unions should need to compete, as any business does to retain its customer base.

- Union members, without any interference or outside influence from their unions or employers should be annually allowed to recertify their unions, through secret ballots.

By doing so, in order to retain their membership base, Unions will be forced to evolve to meet their members’ needs. As with any business, retaining customers requires you to provide a product or service sufficient that meets your customer’s needs. This is a normal requirement all private sector businesses now face but one that Unions do not have to meet.

- Employees of labor unions, without any restrictions or intimidation, should be allowed, to themselves join unions to negotiate with their Union employers; and,
- If a union is lobbying for benefits, pay increases or regulations that impact other businesses, they should first be required to offer those same benefits, pay scales and adopt the same regulations to their own workers. They do not do so today and there are significant barriers to those who work for a union to organize freely today.

I am under no illusion that union management will resist any reasoned discussions of this proposal and the makeup of the Low Wage Board will likely prevent us from even discussing or considering it. However, as found in other markets, when given the chance, I would expect workers to whole-heartedly support these changes. There is no reasoned argument that workers in Connecticut should not have this choice. If I am wrong then union management should not fear its adoption. I resist the notion that in order to secure many public and private sector jobs workers must first agree to become, what is in effect, indentured servants to their Unions.
I will not support, at this time, any further increase in Connecticut’s minimum wage, in any form or over any specified period. My position is founded on my belief that further increasing the minimum wage, before dealing with the underlying causes of low earnings, will further damage the low-skilled, low-wage worker in our state. As a board, we should be looking for ways to create sustainable solutions that improve the lives and income of the State’s low-skilled, low-wage workers first and not take any politically expedient path.

Should this board choose instead to first deal with the more essential foundational issues directly impacting the low-skilled, low-wage worker; and, once the State of Connecticut can show that it can retain and attract high paying jobs sufficient to stimulate our economy, then it would be responsible to consider a further minimum wage increase. I expect however, that such an increase will be unnecessary if we first solve the critical underlying problems of job creation.

We live in a remarkable state surrounded by a region with amazing social and economic advantages that have historically made us a great economic power. We were once a highly sought our venue for companies to grow in. Just as in Detroit, those advantages have been squandered by how we have approached the business community and our workers have suffered because of it. It is inconceivable to me that anyone on the board truly believes that increasing the minimum wage can ever possibly result in a sustainable living wage, that it will solve our State’s growing social services delivery cost or that it will attract the 21st century jobs we require.

We are running out of time to look for sustainable solutions that will benefit all of our workers. It is essential that this board change our direction and begin that hard task now.