

Testimony Supporting:

Committee Bill 5105, *An Act Concerning the Minimum Wage*

Testimony of Joachim Hero, M.P.H and Douglas Hall, Ph.D¹,
To the Committee on Labor and Public Employees
February 26, 2008

Senator Prague, Representative Ryan, and members of the committee:

We are testifying today on behalf of Connecticut Voices for Children, a statewide, independent, research-based organization dedicated to speaking up for children and youth in the policy making process that has such a great impact on their lives.

Connecticut Voices for Children supports Committee Bill 5105, *An Act Concerning the Minimum Wage*. Wages for Connecticut's bottom-earning workers have been eroding since 2002 and an increase in the minimum wage, however modest, will bring needed extra income to families who most need it. In the face of the recent economic downturn precipitated by the subprime mortgage crisis, a higher minimum wage would provide relief to hard-working residents and could boost consumption among a population that is most likely to spend their paychecks.

Committee Bill 5105, if enacted, would increase Connecticut's minimum wage by 4.6% from \$7.65 to \$8.00 on January 1st, 2009. By recent standards, this increase, though welcome, would be modest and may fall short of the annual inflation rate. By comparison, the most recent increase in Connecticut's minimum wage, from \$7.40 to \$7.65, increased the minimum wage by 3.4%.

While the minimum wage is high in Connecticut compared with other states, several other states already have minimum wages of 8 dollars or higher.² As the state with the highest per capita income, Connecticut should also be the state with the highest minimum wage. Though this bill will fall short of accomplishing this, it will at least keep Connecticut from falling further behind.

Full time minimum wage employment is not enough to support a family in Connecticut. A parent working 40 hours per week, 52 weeks of the year, at minimum wage would earn \$15,912, which is below the federal poverty guideline for a family of three.³ Furthermore, the Office of Workforce Competitiveness's *Self-Sufficiency Report* (2006) quantifies the real costs faced by parents raising children in Connecticut – and shows that economic self-sufficiency requires a much higher annual income than the federal poverty level.⁴ For

¹ Mr. Joachim is a Research Fellow and Dr. Hall is the Associate Research Director at Connecticut Voices for Children.

² California (\$8.00), Massachusetts (\$8.00), and Washington (\$8.07)

³ The federal poverty guideline for a family of three is \$17,600. US Department of Health and Human Services, 2008 *HHS Poverty Guidelines*, available at: <http://aspe.hhs.gov/poverty/08poverty.shtml>.

⁴ For example, a single adult's household expenses nearly double when that adult begins raising an infant. D. Pearce, *The Real Cost of Living in 2005: The Self-Sufficiency Standard for Connecticut*, (CT General Assembly, Office of Workforce Competitiveness, December 2005), available at: http://www.cga.ct.gov/pcsw/Publications/Self_SufficiencyCT05%20Full%20Report_12_13_05.pdf.

example, full time, year round, minimum wage employment provides *less than half* of what it really costs for a parent to support two children in Waterbury.⁵

Every year Connecticut’s minimum wage is eroded by inflation. It is therefore critical to periodically increase the minimum wage to prevent Connecticut’s lowest wages from *decreasing*. Although the minimum wage has been raised many times over the past few decades, it has *barely kept up with inflation*. In fact, Connecticut’s current minimum wage has less purchasing power than did the minimum wage from 1978 to 1981.⁶ Figure 1, below, shows how the minimum wage has changed over the past few decades when adjusting for inflation. The decline since 2004 is evident below.

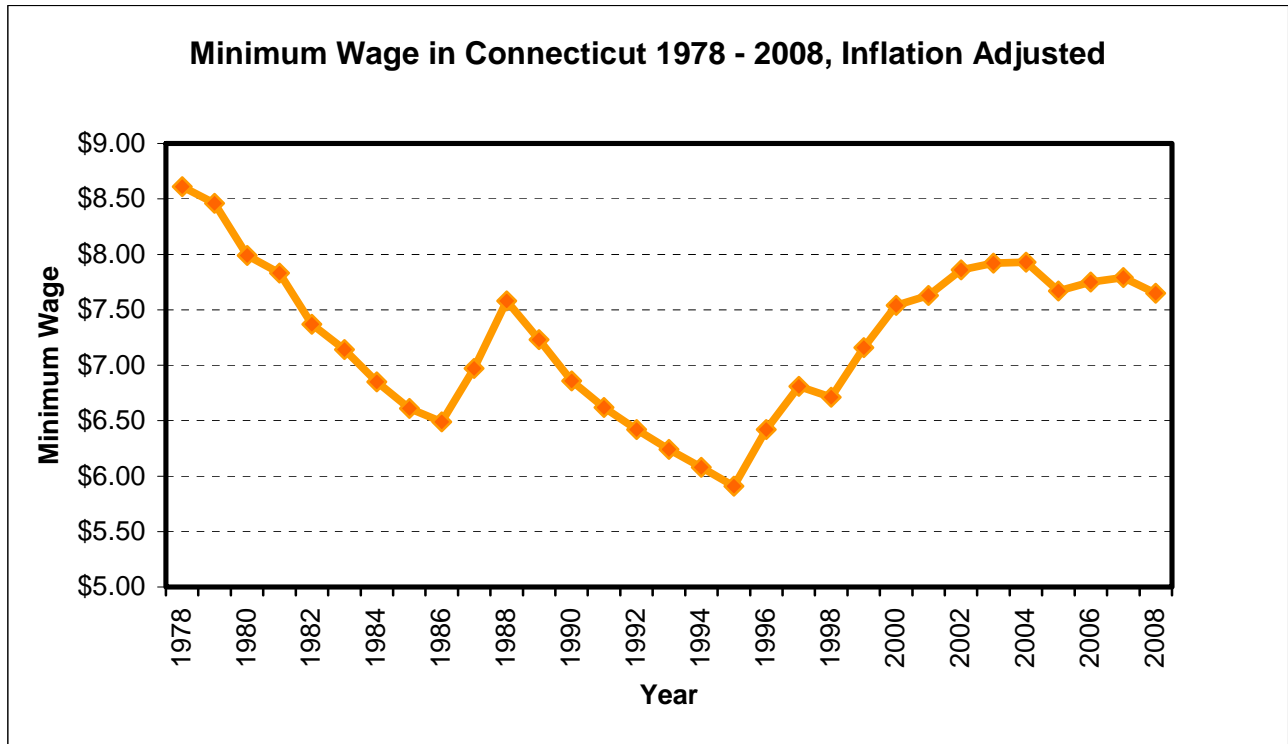


Figure 1

Wages in CT are eroding. As seen in Figure 2 below, 10th percentile earners (“very low” wage workers) experienced wage declines in each year from 2003 to 2006. 20th percentile earners (“low” wage workers) experienced real wage declines in *every* year since 2001—Connecticut is the *only* state in the nation where this is the case.⁷

Good for the economy. When the legislature sought to increase the minimum from \$7.10 in 2005 to the current rate of 7.65 in 2007, the Office of Legislative Research did a report on the potential impact of this increase

⁵ Ibid. This report includes cost of living calculations for 23 regions and 9 cities in the state to reflect the unique economic circumstances in different localities.

⁶ \$2.91, the minimum wage in 1979, would be worth \$8.46 today, adjusted for inflation.

⁷Joachim Hero, Douglas Hall, Shelley Geballe. “The State of Working Connecticut, 2007” Connecticut Voices for Children. August, 2007.

on the economy. They found the effect on employment would be minimal to non-existent and that the increase would most likely boost consumer spending.⁸

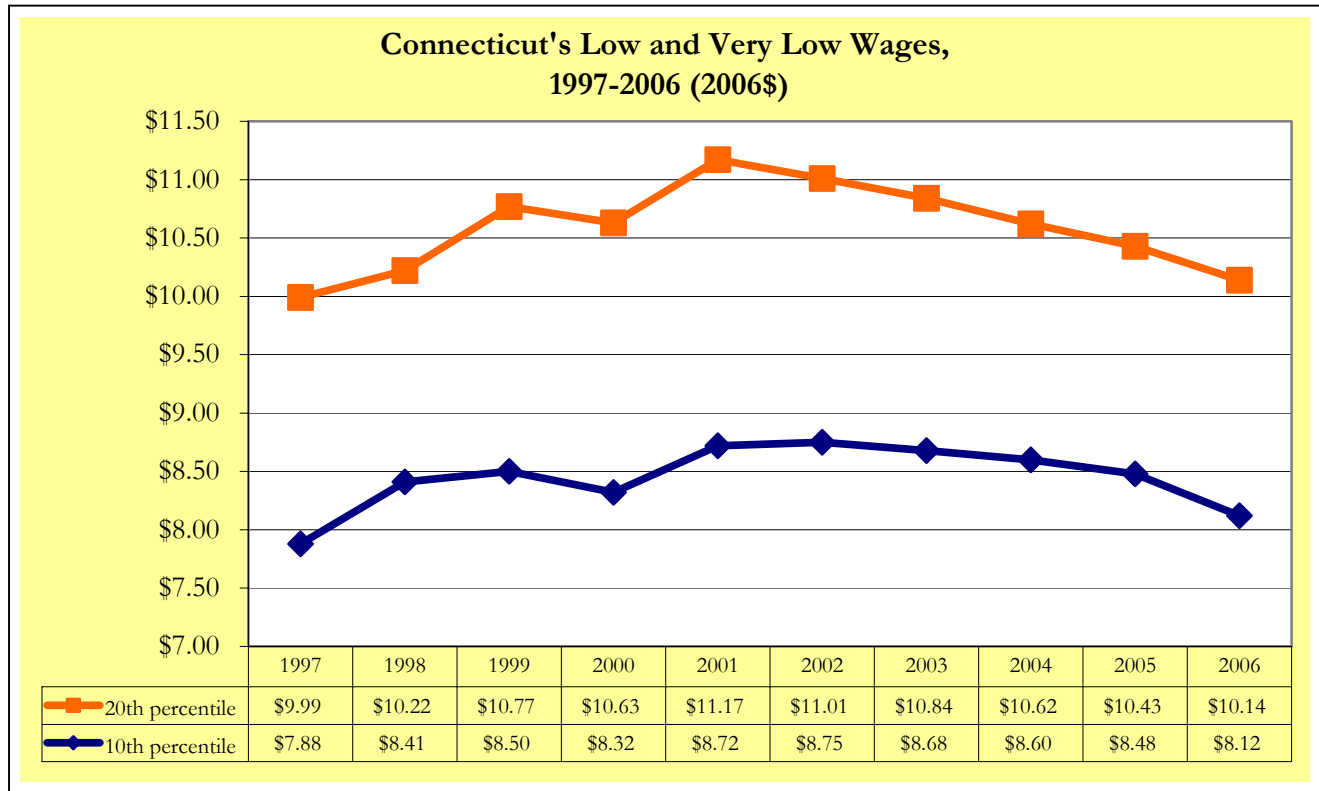


Figure 2 (Source: Hero, Hall and Geballe, *The State of Working Connecticut, 2007*, Connecticut Voices for Children, 2007).

We urge this committee to pass this legislation in support of Connecticut’s working families. Thank you for considering our testimony.

⁸ Office of Legislative Research, “Economic Impact of Raising the State Minimum Wage” April 11, 2005. <http://www.cga.ct.gov/2005/rpt/2005-R-0392.htm>