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Report: Wage Gap Between Wealthy and Others Has Grown

State of Working CT Report Warns Job Sector Shifts and Opportunity Gaps Point to Troubling Future

A Labor Day weekend report on wages and jobs in Connecticut finds that the wage gap between the wealthy and others has grown over the recent economic recession and recovery, with the highest wage workers enjoying wage growth four times that of median wage workers, while wages stagnated for low wage workers. Given these wage trends and related demographic changes and disparities, the report concludes that Connecticut is increasingly becoming a state of “haves” and “have-nots,” and if current trends continue, the have-nots will make up an increasing share of the state’s population.

“The recession and recovery have worsened opportunity gaps and set us on an economically devastating course,” said Orlando Rodriguez, Senior Policy Fellow at Connecticut Voices and co-author of the report. “We can no longer afford to delay action.”

Among the key findings of the report, which looked at wage, unemployment, and job sector trends over the course of the recession and recovery, from 2006 to 2011:

The gap between Connecticut’s wealthy residents and everyone else has continued to widen. Connecticut’s median wage grew by only 2.4 percent (after adjusting for inflation) over the period from 2006 to 2011. However, a select group of workers did enjoy sizable wage growth – for those workers earning wages above the 90th percentile, wages grew by 11 percent over this period. In contrast, those Connecticut workers with wages below the 10th percentile saw their wages fall slightly by 0.2 percent.

Connecticut’s higher paying manufacturing jobs are disappearing and being replaced by lower paying jobs in healthcare, hotels, and restaurants. The Manufacturing sector lost 14 percent of its jobs between 2006 and 2011. The only major Connecticut industries to add jobs were Healthcare and Social Assistance, which grew by 11 percent, and Accommodation and Food Services, which grew by 4 percent. In 2011, workers in Healthcare and Social Assistance earned only 78 percent of the statewide average weekly wage, and workers in Accommodation and Food Service earned only 30 percent. Whereas manufacturing employs primarily men, Healthcare and Social Assistance employ primarily women. Therefore, Connecticut’s economy is also becoming increasingly dependent on

female labor, even as the median hour wage for women in Connecticut was only 81 percent of men's in 2011. Taken together, this suggests that Connecticut's workers are becoming increasingly employed in sectors with lower pay.

Connecticut's Black and Hispanic workers have not experienced an economic recovery.

Between 2006 and 2011, the unemployment rates for Black and Hispanic workers rose every single year, reaching 17.3 percent for Blacks and 17.8 percent for Hispanics, in 2011. In contrast, the white unemployment rate fell in 2011, to 7.1 percent. The wages of Black and Hispanic workers in Connecticut were also lower in 2011 than those of whites; the median hourly wage for Blacks was 72 percent of White wages, and Hispanics wages were at 59 percent. Connecticut Voices described the economic prospects for Hispanic workers in the state as particularly troubling, given that they are the fastest growing ethnic group in the state.

Connecticut's youngest workers are most likely to be unemployed, but Connecticut's oldest workers are most likely to face long-term unemployment. In 2011, the unemployment rate for those age 16 to 24 seeking employment was 18.2 percent, more than double the statewide rate of 8.9 percent. Long-term unemployment – the share of the unemployed who have been out of work for more than 26 weeks – is particularly high among older workers. Among workers age 55 and older, who were unemployed and wanted to work, long-term unemployment was on the rise in 2011, reaching 61.8 percent.

To begin to reverse these trends and broaden economic opportunities, Connecticut Voices urged the Governor and state legislators to focus on:

- Strengthening the state's education system from pre-k through college.
- Investing in initiatives that broaden career opportunities, raise wages, such as raising the minimum wage and investing in job training in growth industries.

“We must commit to the challenging work of investing in future generations,” said Kenny Feder, co-author and Policy Fellow at Connecticut Voices. “Only with strong commitments to our youth, our middle class, and our future can we ensure Connecticut's future generations will prosper.”

The *State of Working Connecticut* is released each year in partnership with the Economic Policy Institute (www.epi.org), an economic think tank based in Washington, DC. Connecticut Voices for Children is a research-based policy think tank that works to advance policies that benefit the state's children, youth and families. **For more information on Connecticut Voices, or to read the Voices' report, see www.ctvoices.org.**

Note to reporters: the report summarizes employment and job sector trends in nine Labor Market Areas (LMAs): **Bridgeport-Stamford, Danbury, Enfield, Hartford, New Haven, Norwich-New London, Torrington, Waterbury, and Willimantic-Danielson**. A separate, supplemental Excel data file with more detailed LMA data and with town-level unemployment data is also on the CT Voices website.

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