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State Policy Organization Praises Governor's Proposal for Minimum Wage Increase

Cites evidence of need for and benefits of minimum wage

Governor Malloy's proposal for a minimum wage was praised today by Connecticut Voices for Children, a research-based think tank, which cited research documenting the need for and benefits of a wage hike for low-income workers. After adjusting for inflation, Connecticut's minimum wage workers have seen their wage decline in recent decades, while middle- and upper-income workers have experienced wage increases.

"The Governor's proposal will be a big step forward for low-wage workers in Connecticut, for whom the minimum wage has been more like sinking quicksand than a stepping stone in recent decades," said Wade Gibson, Senior Policy Fellow at Connecticut Voices for Children. "This increase could help workers to better afford the education and training that could help them move into the middle class."

The organization cited findings from their 2012 research report on Connecticut's minimum wage:

- **Connecticut's minimum wage has fallen relative to the middle and upper tiers of the wage scale and has failed to keep pace with inflation.** After adjusting for inflation, the minimum wage has fallen 9 percent since 1979, while the median wage has increased 21 percent and those in the top 10 percent enjoyed a 46 percent increase. A failure to keep pace with inflation means that the minimum wage buys less now than it did 50 years ago.
- **Employees of large retail businesses would particularly benefit.** The retail sector is the largest employer of low-wage workers, employing nearly a third of those who would benefit directly from a minimum wage increase. Large retail employers – particularly chain stores – are responsible for more than 57 percent of retail employees, and, on average, pay their employees one-third less than small and mid-sized firms. These large national chain stores are not likely to pull up stakes from the state, argued Connecticut Voices.
- **Contrary to some common misperceptions, most of the 226,000 workers that would benefit from the minimum wage increase are adults who work more than half-time.** According to an analysis by the national Economic Policy Institute, 82 percent of the low-wage workers whose wages would improve directly or indirectly as a result of the minimum

wage increase (one in seven Connecticut workers) are aged 20 or older, and 74 percent work at least 20 hours per week.

- **Connecticut businesses do not view wages as the most important factor in their performance.** Highlighting the importance of increasing demand, a recent survey by the Connecticut Business and Industry Association found that over seven in 10 business owners saw sales or production demand as the most important factor affecting the performance of their company; only four percent cited wage costs.
- **A minimum wage increase would improve wages for workers in growing sectors of the Connecticut economy.** The Connecticut Department of Labor projects that the three occupations projected to have the most job openings between 2008 and 2018 – cashiers, waiters and waitresses, and retail salespersons – are also the most likely to pay at or near minimum wage. The 10 largest occupations in which at least a quarter of workers earn wages below \$9.75 per hour account for a third (34%) of the state’s workforce and many are among the fastest growing job sectors in the state.

Connecticut Voices for Children’s report, “Raising and Indexing Connecticut’s Minimum Wage: Making Work Pay for All, for Good,” is available on the CT Voices website at <http://www.ctvoices.org/publications/raising-and-indexing-connecticuts-minimum-wage-making-work-pay-all-good>.

Connecticut Voices for Children is a research-based think tank that works to advance policies that benefit the state’s children, youth and families (ctvoices.org).

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