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# Strengthening Economic Security for Connecticut Families

**Equity and Opportunity**

**Candidate Briefing**
**August 2014**

**Children's health, safety, education, and well-being are largely dependent on their families' ability to make ends meet.** For decades, Connecticut's working families have faced stagnating wages, rising costs, and growing economic insecurity. While Connecticut's economy grew between the 2001 recession and more recent Great Recession, wages for the bottom 50 percent of wage-earners flatlined over the same period. As a result, Connecticut workers in the lower half of the income scale entered the most severe recession in three generations *worse off* than they were going into the milder 2001 recession. Moreover, five years after the official end of the Great Recession, Connecticut still has not recovered all the jobs lost.

Economic insecurity hits children the hardest. Children raised in poor homes are far more likely than their higher-income peers to suffer from poor health, to struggle in school, to face involvement in the criminal justice system, and to have difficulty completing college and obtaining a good job. Child poverty is a disease that ripples throughout the lives of everyone involved, including community members and taxpayers, and it has been estimated to cost the United States a half trillion dollars a year—nearly 4 percent of GDP—due to the associated costs of crime, poor health, and forgone productivity.

**In both good and bad times, Connecticut's working families have seen economic opportunities diminish.** The current economic environment is dark for the 6.9% of Connecticut workers who are unemployed. Total employment in Connecticut remains nearly 50,000 jobs lower than at the beginning of the recession in March 2008. But even when the economy was growing, wages stagnated or declined for Connecticut's low- and middle-income workers, and an increasing proportion of Connecticut workers earned less than the wage necessary to keep a family of four out of poverty (about $12/hour in 2014).

In both good times and bad, the well-being of families under economic stress depends upon our public safety net, but the need for assistance is greater during bad times. As families across the state continue to face economic shocks that are out of their control, the need for public resources to help them get back on their feet continues. Yet Connecticut has already slashed billions from the state budget, relying more heavily on painful cuts than in either of the past two recessions. More budget cuts could further undermine economic opportunities for Connecticut families and worsen the long-term impact of the Great Recession by weakening public supports for struggling families.

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**Connecticut's relative wealth is tempered by a high cost of living and masks some of the widest disparities in income and wealth in the country.** Income in Connecticut does not go as far towards meeting basic needs as in other states. Recent data show that Connecticut had the third highest cost of living of any state in the contiguous United States, with the highest prices in the nation for groceries and the second highest for utilities. When adjusted for the high cost of living, Connecticut's lowest (10th percentile) wages are the sixth lowest in the contiguous United States.

Summary measures of Connecticut's relative wealth also hide huge and growing income and asset disparities. According to the U.S. Census, Connecticut is second to only New York in income inequality. Additionally, the gaps in income between wealthy and poor families, and also between wealthy and middle-income families, have grown more in Connecticut than in any other state in the country over the past three decades. Disparities are dramatic along racial and ethnic lines as well -- in fact, Connecticut's racial disparities in household assets are among the greatest in the nation. Even before the Recession had had full effect, the median white-headed household in Connecticut was more than 65 times wealthier than the median minority-headed household.

**For many Connecticut families, the building blocks of economic security are crumbling as family income stagnates.** Connecticut's low-income households earn less today than they did 35 years ago. They entered the Great Recession with lower incomes than they had in the 1970s and suffered further hardship during the worst recession in three generations. Largely as a result, nearly one in three households in Connecticut is now "asset poor," up from one in five just a few years ago. Being "asset poor" means a family has so few financial assets (savings, property, retirement, etc.) that it could not make ends meet at the federal poverty level for three months if its income were interrupted.

**Connecticut should prioritize *proven* investments that develop our human capital, renew economic opportunities, and help families make ends meet.** We should:

- **Avoid state budget cuts that undermine the economy and reduce supports for working families** such as the earned income tax credit (EITC).
- **Pass a child tax credit** that adjusts for the high cost of raising kids and helps poor and moderate-income families make ends meet and raise thriving children.
- **Increase access to high-quality child care** so that more parents can go to work knowing their children are in settings that are safe, healthful, and educational.
- **Expand public investment in education, from pre-school through higher education.** Connecticut must act to broaden access to affordable, high-quality preschool, reduce the achievement gap, and curb the number of youth who drop out of high school, as well as increase funding for college scholarships and expand financial support for public colleges and universities in order to limit tuition increases.

*Data presented in this brief come primarily from five sources. Wage data are from the U.S. Census Bureau, income data are from the Internal Revenue Service (compiled by the Economic Policy Institute and the Center on Budget and Policy Priorities), labor market data are from the Connecticut Department of Labor, data on the state budget are from the Connecticut Office of Fiscal Analysis, and data on assets are from the Corporation for Enterprise Development.*