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Fewer Jobs, Falling Wages, and Rising Inequality

***State of Working Connecticut* Tracks Job Losses and Opportunity Gaps, Pointing to Troubling Future**

Five years after the official end of the Great Recession, Connecticut workers continue to face an economy with fewer jobs, falling wages, and rising inequality, according to a new report from Connecticut Voices for Children. The report identifies the disproportionate impact of the weak economy on young, minority, and less educated workers as a warning sign for the future economic vitality of the state.

“The children of today’s struggling workers will form the backbone of tomorrow’s workforce. If we want to ensure the future success of our state, then we need to make smart investments today in children, families and educational opportunity,” said Ellen Shemitz, Executive Director of Connecticut Voices. “Smart policies that make work pay and that ensure meaningful pathways to success should not be considered matters of choice. They are clear necessities.”

Among the key findings of the “State of Working Connecticut 2014” report, which examined employment and wage trends:

- **Connecticut has yet to recover the jobs lost during the recession and has fewer jobs now than it did 25 years ago.** Connecticut has nearly 50,000 fewer jobs than at beginning of the recession and over 10,000 fewer than it did in 1989. Moreover, the state’s unemployment rate is falling more slowly than the rates of the nation and of nearby states. At our current pace of job growth, the state will need three more years to recover to pre-recession job levels.
- **The large majority of workers have faced stagnant or falling wages over the past decade, accelerating the rise of inequality.** Only Connecticut’s highest earners have seen wage growth since 2000. Low- and median-wage earners have watched their inflation-adjusted wages stagnate, while high-wage workers have enjoyed a raise of nearly 50 percent.
- **These damaging job and wage trends have disproportionately hurt young workers, workers of color, and workers with less education.** In 2013, workers aged 16 to 24 faced an

unemployment rate more than double than the rate for adults aged 25 to 54 (13.8%, compared to 7.0%). Meanwhile, the median hourly wage for Black workers was 72 percent of White wages in 2013, and the median for Hispanics was 63 percent. Median hourly wages for workers with less than a Bachelor's degree were about half the level of wages for better educated workers.

This report cautioned that the damaging impact of these economic trends on young, minority, and less educated workers, combined with shifting demographics in the state, mean that the state's future workforce is at risk. Nearly one-third of Connecticut's children are poor or near poor (under 200% of the federal poverty level), and nearly half of children starting kindergarten today are children of color -- both groups disproportionately affected by Connecticut's weak economy.

To begin to reverse these trends and broaden economic opportunities, Connecticut Voices urged state policy makers to:

- Use the state's tax system to support working families by restoring the state's earned income tax credit (EITC) to its full, original level and adding a tax exemption to adjust for the high cost of raising children.
- Expand access to high-quality early care and education, as well as to high-performing K-12 schools. Too many Connecticut children, especially from families hard hit by the economy, lack adequate access to one or both, jeopardizing the state's future workforce.

"By investing in the education of our children and supporting them through our tax code, we can support struggling families today and build a healthier economic future," said Wade Gibson, Director of the Fiscal Policy Center at Connecticut Voices for Children and co-author of the report.

For more information on trends in this report, including employment and wage statistics dating back to 1979, see the interactive State of Working Connecticut web page at www.ctvoices.org/StateofWork.

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.

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