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**Testimony in Support of Increasing Connecticut's Minimum Wage to $15**

Derek Thomas, M.P.A.
Low-Wage Employer Advisory Board
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Co-Chairs Bhandary-Alexander and Mills and Members of the Low-Wage Employer Advisory Board:

I am the Fiscal Policy Fellow at Connecticut Voices for Children, a research-based public education and advocacy organization that works statewide to promote the well-being of Connecticut's children, youth, and families.

I am submitting comments in support of efforts to increase Connecticut's minimum wage to $15.

Policymakers should be proud that, as of January 1, 2016, 150,000 workers in Connecticut received a 45-cent per hour raise as part of an effort to bring the state minimum wage to $10.10 by 2017.

Even with the anticipated increase of the minimum wage to $10.10, however, a full-time employee working a 40-hour week will earn only $21,008 a year. According to Connecticut's Self-Sufficiency Standard – a report commissioned by the state's Permanent Commission on the Status of Women to determine the amount of income required for working families to meet their most basic needs, taking into account family composition, ages of children, and geographic differences in costs – the amount needed to make ends meet for one adult and one preschooler varies from $21.14 per hour ($44,675 annually) in Windham to $36.84 per hour ($77,800 annually) in Lower Fairfield, or from 280 percent of the Federal Poverty Level (FPL) to 488 percent of the FPL. Only in two of the 23 regions examined in the report can a single childless adult at the current minimum wage afford to meet their most basic needs.[1] A $15 minimum wage makes sense to ensure that full-time workers can afford to live and work in Connecticut.

**Who Benefits?** Following an economic recovery that has left more children than ever in poverty and has exacerbated racial disparities, strengthening the minimum wage would significantly impact the standard of living for hundreds of thousands of Connecticut workers and their families.[2] According to data from the Economic Policy Institute, 336,000 workers (20 percent of the work force) would directly benefit from an increase in the state minimum wage to $15 by 2022.[3] Nearly 60 percent of those workers are women, 90 percent are 20 years of age and older, 63 percent work in education and healthcare, retail, and leisure and hospitality, and 36 percent have some college education (see appendix for full details). The increase would disproportionately *help* workers of color: Of all black workers, 31.8 percent would benefit, and of all Hispanic workers, 37.5 percent would also benefit. Importantly, 13.8 percent (110,424) of all children would also benefit from an increase in the minimum wage.

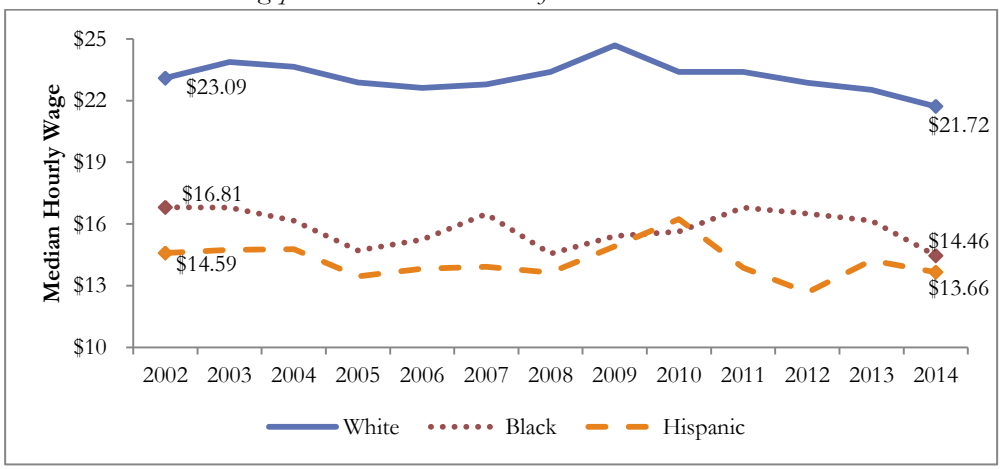
[1] Permanent Commission of the Status of Women: The Self-Sufficiency Standard for Connecticut, 2015. http://ctpcsw.com/the-latest/research/

[2] See our State of Working Connecticut Report: http://www.ctvoices.org/stateofwork
See our Mapping Disparities by Race and Place project: http://www.ctvoices.org/publications/mapping-disparities-race-and-place

[3] Note that this does not account for "ripple effects" likely to raise wages of workers above the minimum wage.

**Median Wages for Black and Hispanic Workers are $7.25 to $8 Less Than White Workers**

*A gap that has widened since before the Great Recession*




**Source:** CT Voices and EPI analysis of CPS data in 2014 inflation adjusted dollars using CPI-U-RS

**Historical Context:** The ratio of the minimum wage to the full-time, year-round median wage (also known as the Kaitz ratio) is a measure of the strength of the minimum wage. In 1968, the Kaitz ratio for the federal minimum wage was 55 percent, yet today it is only 37 percent. Under this proposal, Connecticut's minimum-to-median wage ratio would increase from 39 percent to 44 percent, well within US historical experience.[4] The proposed increase is also similar in magnitude to past minimum wage increases, after accounting for likely inflation. Using the Congressional Budget Office's forecast for inflation over the next decade, the gradual step-up from $10.10 in 2017 to $15 per hour in 2022 is equal to a 31.9 percent increase. For comparison, the last time the federal minimum wage was increased, from 2007 to 2009, was a 32.3 percent increase after inflation.

**Inequality**: A new paper published for the Economic Policy Institute's (EPI) Economic Analysis and Research Network (EARN) found that over the past 30 years, in Connecticut, incomes for the bottom 99 percent grew by just 14.5 percent while the incomes of the top 1 percent swelled by 290.8 percent. As a result of this lopsided growth – a period in which the top 1 percent captured 71.6 percent of all income – incomes of the top 1 percent are now 42.6 times greater than the bottom 99 percent. During the economic expansion following the great recession, the authors found that the top 1 percent in Connecticut enjoyed exclusive benefit from all income growth. Finally, the report also found that the most unequal metro area in Connecticut – and the second most unequal metro area in the nation – is the Bridgeport-Stamford-Norwalk metro area, where the top 1 percent makes 73.7 times more than the bottom 99 percent.

Local economies win when low-income families have more money to spend, because every extra dollar they receive is spent right away in order to meet their basic needs.[5] Raising the minimum wage and indexing it to inflation would boost living standards and improve opportunity for many Connecticut workers and their families. It would be a good step towards reducing inequality in a state with the nation's second largest income gap, and help give truth to the notion that if you work hard, you should be able to work your way into the middle class.

Thank you for this opportunity to submit testimony. Please feel free to contact me if you have questions or would like additional information. I can be reached at dthomas@ctvoices.org or (203) 498-4240 (x 114).

[4] The median hourly wage in 2014 for full-time year-round workers in Connecticut was $24.94.

[5] Standard and Poor's cites rising income disparity as "contributing to weaker tax revenue growth", making it more difficult for state and local governments to invest in education and infrastructure: https://www.documentcloud.org/documents/1301747-s-amp-p-income-inequality-weighs-on-state-tax.html

| APPENDIX: Characteristics of CT workers earning less than the equivalent of $15/hour in 2022 | | | | |
|---|---|---|---|---|
| **Category** | **Estimated workforce*** | **Earns < $12.86 ($15 in 2022 in 2015$)** | **Share of category** | **Share of total earning < $12.86 ($15 in 2022 in 2015$)** |
| **Total** | 1,605,921 | 335,656 | 20.9% | 100.0% |
| **Sex** | | | | |
| Female | 824,850 | 195,909 | 23.8% | 58.4% |
| Male | 781,071 | 139,747 | 17.9% | 41.6% |
| **Age** | | | | |
| 20 + | 1,560,859 | 301,893 | 19.3% | 89.9% |
| Under 20 | 45,062 | 33,763 | 74.9% | 10.1% |
| 16 to 24 | 193,316 | 114,335 | 59.1% | 34.1% |
| 25 to 39 | 480,009 | 99,283 | 20.7% | 29.6% |
| **Race/ethnicity** | | | | |
| White, non-Hispanic | 1,158,475 | 197,361 | 17.0% | 58.8% |
| Black, non-Hispanic | 158,515 | 50,366 | 31.8% | 15.0% |
| Hispanic | 176,526 | 66,192 | 37.5% | 19.7% |
| Other race or ethnicity | 112,405 | 21,738 | 19.3% | 6.5% |
| **Family Status** | | | | |
| Single parent | 100,543 | 30,954 | 30.8% | 9.2% |
| Unmarried, no kids | 639,498 | 191,226 | 29.9% | 57.0% |
| **Family income** | | | | |
| Less than $20,000 | 94,691 | 38,424 | 40.6% | 11.4% |
| $20,000 - $39,999 | 187,754 | 66,622 | 35.5% | 19.8% |
| $40,000 - $59,999 | 191,473 | 50,813 | 26.5% | 15.1% |
| $60,000 - $74,999 | 193,960 | 35,940 | 18.5% | 10.7% |
| **Industry** | | | | |
| Construction | 65,324 | 11,706 | 17.9% | 3.5% |
| Retail trade | 173,282 | 65,711 | 37.9% | 19.6% |
| Education & healthcare | 457,963 | 83,601 | 18.3% | 24.9% |
| Leisure & hospitality | 131,823 | 61,094 | 46.3% | 18.2% |
| **Occupation** | | | | |
| Service | 276,118 | 121,395 | 44.0% | 36.2% |
| Sales | 145,082 | 51,847 | 35.7% | 15.4% |
| Office & admin support | 214,217 | 53,692 | 25.1% | 16.0% |
| **Work hours** | | | | |
| Part time (< 19h) | 111,277 | 60,995 | 54.8% | 18.2% |
| Full time (35+) | 1,246,762 | 171,102 | 13.7% | 51.0% |
| **Education** | | | | |
| Less than high school | 82,201 | 50,816 | 61.8% | 15.1% |
| High School | 389,301 | 115,537 | 29.7% | 34.4% |
| Some college | 438,518 | 122,669 | 28.0% | 36.5% |
| Bachelor's or higher | 695,901 | 46,634 | 6.7% | 13.9% |
| **Sector** | | | | |
| For profit | 1,184,785 | 280,914 | 23.7% | 83.7% |
| Non-profit | 159,555 | 21,150 | 13.3% | 6.3% |
| | **Estimated count** | **At least one parent making < $12.86** | **Share of CT Children** | |
| **Children** | **801,728** | **110,424** | **13.8%** | |

Note: *Estimated workforce is calculated from the CPS respondents who were 16 years old or older, employed, but not self-employed, and for whom either a valid hourly wage is reported or one can be imputed from weekly earnings and average weekly hours. Consequently, this estimate represents the identifiable wage-earning workforce, a subset of total state employment.

**Source**: Economic Policy Institute analysis of Current Population Survey Outgoing Rotation Group microdata, 2015