CONNECTICUT VOICES FOR CHILDREN
20 YEARS OF ADVANCING OPPORTUNITIES FOR CHILDREN AND FAMILIES

News Release

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Connecticut's Workers Face Low Wage Growth Since the End of Recession, Median Wage down, Report Finds

NEW HAVEN – A new report from Connecticut Voices for Children provides a close look at recent trends in the state's labor force, jobs, and wages and concludes that despite recent progress, many families still struggle to make ends meet. The report finds that although unemployment in the state is at a post-recession low, sluggish wage growth paired with persistent racial and gender disparities are leaving many working families unable to achieve a decent standard of living for themselves and their children.

Between 2007 and 2017, median wages for workers at the lowest income decile (that is, the ten percent of workers with the lowest wages) have remained flat. The median salary during the same period decreased an average of 0.3 percent a year. In comparison, workers in the top ten percent of the wage distribution saw an average increase of 0.4% a year. Although the trend has reversed slightly since 2014 as wages at the bottom decile grew faster (.5 percent) than those at the top (.35 percent growth a year), the income gap remains vast. Connecticut is the third most unequal state in the nation, behind only New York and Florida.

In addition, pronounced wage disparities also persist between White workers and workers of color. On average, Blacks and Latinos make 65 cents to the dollar compared to Whites. Gender disparities also remain, with women earning 87 cents to the dollar compared to men.

The report evaluates two common explanations for low-wage growth. First, it analyzes the commonly held view that sluggish wage growth is the result a "jobs swap", a broader shift in the economy from high- and medium-wage sectors to low-wage, service-focused, low-salary employment. Their analysis highlights that although this trend existed in the immediate aftermath of the recession, since 2014, Connecticut's economy has added more jobs in higher-wage sectors. The report also looks at the evidence of a possible skills shortage that is causing high-wage jobs to remain unfilled because businesses cannot find qualified workers. Analysis of the data suggests that sectors often claiming to have skilled labor shortages have not seen rising wages. Rachel Silbermann, Economic and Fiscal Policy Fellow explains "If there were a true skills shortage, we would expect employers to raise wages to attract workers from other firms and to keep their own workers from leaving, but this largely isn't what we're seeing."

Jamie Mills, Director of Fiscal Policy and Economic Inclusion reports that "Weak economic growth, long-term wage stagnation, and growing income disparities are the result of policy decisions that can and should be reversed. Stagnant wage growth is exacerbating historic levels of inequality in Connecticut and across the country slowing economic growth and preventing workers and their children from having a decent standard of living." The report offers two policy proposals to respond to stagnating wages: raising the minimum wage to $15 per hour and restoring the state Earned Income Tax Credit to 30 percent of the federal credit. Currently, 31 percent of Connecticut workers make less than $15 per hour. The majority of these workers are over 30 years old (57 percent) and are working full time (61 percent). Restoring the Earned Income Tax Credit would increase earnings to close to 200,000 household in the state making less than $20,000 per year. "These two policies will provide some immediate and meaningful relief to struggling workers and their children" says Mills.

About Connecticut Voices for Children: Connecticut Voices for Children is a research-based child advocacy organization working to ensure that all Connecticut children have an equitable opportunity to achieve their full potential. In furtherance of its mission, Connecticut Voices for Children produces high-quality research and analysis, promotes citizen education, advocates for policy change at the state and local level, and works to develop the next generation of leaders.