

TESTIMONY
OF
JODEY LAZARUS
IN SUPPORT OF SB 387
AN ACT TO INCREASE A FAIR
MINIMUM WAGE

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January 31st, 2013

To the Co-Chairs and members of the Labor Committee:

**Testimony in SUPPORT of SB 387, AN ACT INCREASING THE FAIR
MINIMUM WAGE**

From the desk of Jodey Lazarus: Mother, Worker, and Student - Stamford CT

Senator Osten, Representative Tercyak, and Members of the Labor Committee, thank you for raising the issue increasing the minimum wage and allowing me to speak on it today.

Recently Connecticut has been marred with the distinction of being a state of extreme haves and have-nots, where the rich make more money than most can imagine, and the poor barely make enough to get by. I know this all too well; as both my children and I were featured in an article in Bloomberg Businessweek last summer entitled "Connecticut's Ribbon of Hardship." Since the article was published, I've paid more and more attention to the plights of hardworking families in our state. As a single mother of two who struggles to get by, I know that I am not alone in my hardships and that it is time to address these issues by looking at the laws that affect families all across our state, starting with the minimum wage.

Before being contacted by the Bloomberg reporter, I had no idea that Connecticut had become a place so unequal, that it now holds the second largest income inequality gap in the country, a gap that is growing faster than any other state in our nation. When I moved here from the Bronx nearly six years, I looked at this state as a land of opportunity. Instead, it seems like every opportunity that I have had has come up short. I currently attend community college and am employed at the local Marriott as an assistant spa supervisor, booking appointments for \$14 an hour. Now of course you'd say, that's a lot more than minimum wage, but the truth is, as the Businessweek article detailed, my hours are all but fulltime. I make as little as \$125 a week some weeks, and on a good week, only \$325; not nearly enough to take care of myself, let alone two children. Essentially, I make the same as if I was working for \$8.25 an hour, it's just at my current rate, I make a little less.

Public assistance helps to keep us afloat, but never enough to rise. I left my South Bronx housing project for more, for a better life, not to be stuck in the same pattern of poverty. I've learned since the Businessweek article that if the federal minimum wage had kept pace with the cost of living over the past 40 years as it had in the late 60's, the wage would now be over \$10.50 an hour. That's closer to a real living wage. The current proposal of \$9.75 an hour over the next two years does not quite get us there, but it's a start. And if index to the cost of living as it should have been since the late 60's, it will ensure that our state's lowest-wage workers are never allowed to fall so far behind again.

Today I am asking you, for myself and anyone who has ever come to this state with a dream of better opportunity, to raise the minimum wage. Protect workers like me who are at the whim of our employers and only have our dreams of greater opportunity to fuel us. I will continue to work hard as I have everyday that I have lived in Connecticut, and I will count you to make sure my work is rewarded with a fair wage. SB 387 is a good bill that will help families all across the state realize their dreams and opportunities and grow. Please vote yes to raise the minimum wage.

Thank you

Bloomberg Businessweek

Global Economics

Connecticut's Ribbon of Hardship

By Esmé E. Deprez on July 05, 2012

<http://www.businessweek.com/articles/2012-07-05/connecticuts-ribbon-of-hardship>

Jodey Lazarus's brown eyes follow the red grapes down checkout lane 11's conveyor belt, then focus on the cash register to verify she's getting the 99¢-a-pound price promised in the weekly ShopRite (VLGEA) circular. The bill is just short of \$70. Lazarus, 29, takes a breath, drops her gaze and extends her silver state benefits card. The card machine fails to read the damaged magnetic strip. The cashier squints at the numbers.

"It doesn't swipe?"

"No. It doesn't swipe," Lazarus murmurs.

The cashier types the card code, and Lazarus signs for the groceries. This is the second time today she's gone through this routine with a store clerk; the morning found her at La Marqueta, where onions were cheaper and the payment process just as awkward. As she pulls out of the parking lot, her 14-year-old Dodge Caravan shrieks. Just a belt or something worse? She's not sure. It's too expensive to repair right now anyway.



Francesco Nazardo for Bloomberg Businessweek Lazarus, with her daughter, Ahhsha, is working to move to the middle class

Armed with coupons for seven supermarkets in Stamford, Conn., where she lives, Lazarus is a pro at stretching her food stamp allowance. Lazarus works at the nearby Marriott (MAR) booking appointments at the spa for \$14 an hour and no benefits. Although she was hired to work full-time, her shifts have been gutted: Some weeks she earns \$335, others \$125.

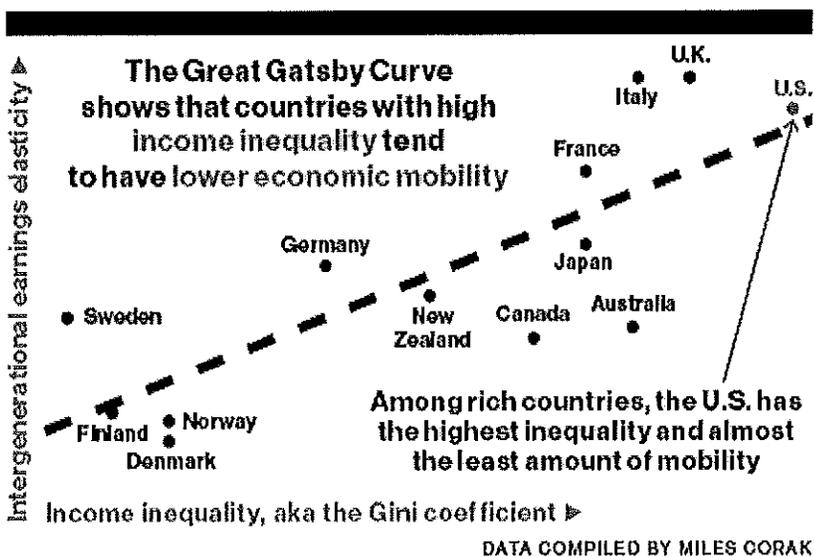
Lazarus has a round face and pronounced cheekbones, the slightest Caribbean accent from a youth spent in Grenada, and a relaxed yet determined air. Soon after high school she was running a makeshift day-care center from a moldy public housing complex in the South Bronx, where she raised her two children with little help from their undependable father.

Determined to forge a better future for Gerahmee, 9, and Ahhsha, 8, Lazarus moved to Stamford five years ago for a more stable job and better schools. She has since signed up for college classes and taken advantage of every public program she can find to help families like hers help themselves—including rental assistance, student financial aid, Medicaid, heating-oil assistance, an earned income tax credit, and free lunch for the kids at school. A scholarship program providing academic and career coaching helped her set up a budget, pay off prior debt, and begin to build up savings. Overall, these programs provide enough assistance to get by, but not ahead. “I want to be able to pay my bills with no help, I want to be able to buy my own house,” she says. “My mom says just be thankful I have a job and stop complaining. But at the end of the day, I’m barely making enough money, you know? The money comes in and it goes out.”

The dream of achieving a better life than one’s parents is fundamental to the American identity, but the probability that Lazarus or her kids will break ranks with their low-income peers and move up is slimmer than it is in other industrialized countries. It’s becoming more and more clear that the relationship between our parents’ incomes and our own is closer than we’ve long assumed.

In Lazarus’s lifetime, the wealth gap between rich and poor has widened significantly. A growing body of research now suggests that this may be hindering her ability to rise through the ranks and escape poverty. In the decades following the Great Depression, incomes in the U.S. grew more equal. Lazarus’s birth in 1982, however, coincided with the beginning of a stark shift to a period in which the rich would gain wealth at a spectacularly accelerated rate compared with everyone else. According to a recent report by the Congressional Budget Office, after-tax income for the top 1 percent of the population (adjusted for inflation) grew by 275 percent from 1979 to 2007. For the bottom fifth, where Lazarus’s family resides, it climbed by just 18 percent.

In the recently published *The Great Divergence*, Timothy Noah suggests that the growing gulf between rich and poor may be the most important change in the U.S. in our lifetime. The world’s richest nation, he writes, has gone from one that viewed “the prospect of growing income inequality to be unacceptably antidemocratic” to one that’s economically beginning to “resemble a banana republic.” In *The Price of Inequality*, released last month, Nobel Prize-winning economist Joseph Stiglitz points out that, at \$90 billion, the combined wealth of the six Walton family heirs to the Wal-Mart (WMT) fortune is equivalent to that of the entire bottom 30 percent of Americans. Stiglitz argues that even the rich will be hurt when we reach the point “when inequality spirals into economic dysfunction for the whole society.”



A recent finding nicknamed the Great Gatsby Curve may be the most controversial of all. With it, University of Ottawa economist Miles Corak makes the strongest case yet that inequality and mobility are intertwined—the more unequal a society is, the greater the likelihood that children will remain in the same economic standing as their parents. His research comes as the country—and the presidential candidates—debate inequality and what, if anything, government should do to slow or reverse its trajectory. According to the Pew Charitable Trusts' Economic Mobility Project, Americans believe more ardently than their global counterparts that “people are rewarded for intelligence and skill.” And yet, according to Corak, it's as simple as this: “More inequality means less opportunity.”

The Connecticut portion of Interstate 95 was dubbed the “ribbon of hope” by state planners for its promise of prosperity when it was built in the 1950s. It's still an apt nickname for those living in the hedge fund hubs along it: Greenwich and Westport.

In Bridgeport, 35 minutes northeast of Greenwich, and where Lazarus attends community college, I-95 is more like a ribbon of hardship. Officials in this onetime industrial capital turned poorest city in the region have been aggressively courting private developers and spending millions in public funds to clean up brownfields and revitalize the downtown. Even so, driving along Barnum Avenue, named after Bridgeport's famous son, circus promoter P.T. Barnum, it's difficult to imagine how different it must have felt 50 years ago, when block after block of factories buzzed with workers. At its peak in the 1930s, the city was home to some 500 plants; big employers included General Electric (GE), Singer, and Remington Arms. The artery now connects two of the roughest neighborhoods, the mostly black East End and the mostly Hispanic East Side, its factories reduced to structural skeletons beset by graffiti and squatters.

Bridgeport/ Greenwich

Population

144,229 / 60,809

Number of \$1m+ homes

95 / 9,852

Median household income

\$41,047 /

\$124,958

Unemployment rate, May 2012

11.9% / 5.9%

Food stamp recipients

17.8% / 0.9%

Families with female
head of household

32.9% / 8.8%

Working in finance,
insurance, real estate

5.5% / 23.4%

DATA: U.S. CENSUS
CONNECTICUT LABOR MARKET

The Bridgeport metro area consists of 24 towns in Fairfield County in the state's southwestern corner, including small, prosperous hamlets like Darien and New Canaan, and bleak pockets of poverty in Stratford and Norwalk. It's home to nearly 1 million people. If the region were a country, it'd be the world's 12th-most unequal, ranking just below Guatemala. Economists measure income disparity using the Gini coefficient: A measure of 0 means all money is evenly distributed; 1 means one person has it all. The U.S. had a Gini of .467 in 2010, up 2 percent since 2000, census data show. (With the exception of Chile and Mexico, it has the highest level of disparity of the 34 countries that belong to the Organization for Economic Cooperation and Development.) The Bridgeport region's Gini grew 17 percent during this time, to .537, making this 625-square-mile swath home to the biggest income divide of any metropolitan area in the U.S.

To get behind those numbers, one need only take a 10-minute drive south on I-95 from Stamford to Greenwich. Squeals of excitement from a dozen prepubescent girls reverberate throughout a white van making the trip to where houses are bigger and the grass literally greener. It's school vacation week and Lazarus's daughter Ahhsha gazes out the window as they pass exits for Old Greenwich and Cos Cob.

"Greenwich looks very different," says Ahhsha, a rail-thin girl with five perfect fresh braids tracing her scalp. "They have more sun than us, more windows on the houses, more beautiful houses."

Ahhsha and her friends spill into the bright yellow locker room of the Boys & Girls Club of Greenwich,

where they wriggle into pint-size bathing suits. With looks of terrified delight, one by one they jump into the pool. Many are learning to swim for the first time.

This club, two blocks from a Lexus dealership, is a stark contrast to the Boys & Girls Club of Stamford, where Ahhsha usually plays and which borders a housing project. "It's more better, not near alleys where cats have no homes," Ahhsha says of her current surroundings. "There's not men committing crimes. It's safer. I'm thinking of moving one day."

The region's diversity is a mixed bag for Lazarus and her kids. Their neighborhood and public schools in Stamford are better than where they used to live in the Bronx, but rents are higher, and with fewer buses and no subway system they need a car. Opportunities like going to Greenwich to swim or watch a billionaire's personal fireworks display broaden Ahhsha's and Gerahmee's worlds, and Lazarus hopes they'll be motivated to work tirelessly toward achieving that life.

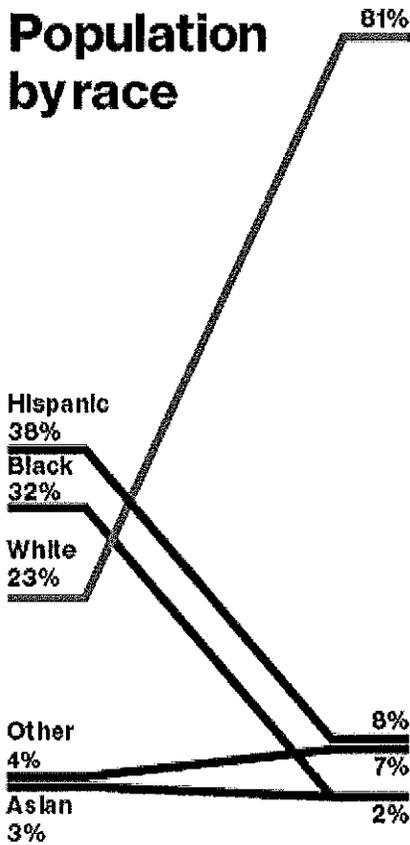
At the same time, the gulf between the towns is a constant weight. As dozens of residents from the area repeatedly relayed in interviews, living among such excesses can make bridging the gap feel impossible. "We're in an area where there are pockets of extreme wealth and pockets of extreme poverty, and they're butting up against one another," says Carla Miklos, a former investment banker who runs a food pantry and homeless shelter in nearby Fairfield. "The low-wage jobs are not enough to get by, and the high-paying jobs are not available to poor people." Barbara Edinberg, a 63-year-old Fairfield resident, works at the Bridgeport Child Advocacy Coalition, which aims to reduce the state's achievement gap between poor and rich students, the worst in the country. In the Bridgeport of her childhood (the '50s), factory work at manufacturers like General Electric propelled her parents' generation toward middle-income stability. "You could get a job right out of high school in those plants and earn a decent wage and make enough money to move to the suburbs," she says. "Those opportunities don't exist anymore."

The Bridgeport metro area is a harbinger for where the U.S. may be heading, warns A. Fiona Pearson, a sociology professor at Central Connecticut State University. "You see manufacturing jobs leaving. The jobs coming in are service jobs, and the rise in the financial sector—with firms relocating from Manhattan—helps contribute to growing income inequality," she says. The area's history of institutional corruption and ineffectual management has only added to its problems. "When difficult decisions need to be made," Pearson says, "the already diminishing resources for individuals at the bottom are the first to go."

The idea that people like Lazarus can rise above their parents' economic status and that their children will do the same is an article of faith for most Americans. After a decade of research, however, the University of Ottawa's Corak concludes that upward mobility from the bottom is more folklore than reality—and that in a world of ever-growing inequality this may be increasingly true. Building upon the work of a dozen economists, Corak plotted intergenerational earnings elasticity—how mobility is passed from one generation to the next—against the Gini coefficient measure for 22 countries. The data form an upward slope, indicating a positive relationship worldwide between the degree of disparity and the extent to which poverty or wealth is passed on through generations. (A flat line would imply that countries with different levels of inequality have the same degree of mobility.) "The United States is among the most unequal of the rich countries and it is also among the least mobile. The strong tie between family background and the chance of success runs counter to what we commonly understand as the American Dream," Corak says.

▼Bridgeport Greenwich▼

Population by race



DATA: U.S. CENSUS

Corak is quick to point out that his findings reflect association, not necessarily causation. Suddenly giving poor Americans truckloads of money wouldn't make it like Denmark, positioned opposite the U.S. and near the base of the slope where inequality is least and mobility highest. Mobility, he says, is based on the interaction of three main forces: families (the degree to which they transmit advantages, both material and nonmaterial), the labor market (the availability of secure jobs for people of all skill levels and the premium placed on education), and public policy (how level the playing field is, especially for the disadvantaged).

What the Great Gatsby Curve illustrates is that where Lazarus and her kids ultimately end up on the income spectrum will be more a reflection of their family background and not of their talents. "The most important thing that the U.S. is leaving behind as it moves up the curve is the vision of itself," Corak says. "It's not just poverty of money that matters but also poverty of experience and expectation."

Alan Krueger, a labor economist who chairs President Barack Obama's Council of Economic Advisers, used Corak's data in a January speech to extrapolate that mobility would further diminish for the next generation. "Children of wealthy parents already have much more access to opportunities to succeed than children of poor families," he said. "This is likely to be increasingly the case in the future unless we take steps to ensure that all children have access to quality education, health care, a safe environment, and other opportunities that are necessary to have a fair shot at economic success."

The curve has its critics, and Scott Winship, a fellow at the Brookings Institution and former research manager at Pew, has been one of the loudest. "My basic argument is not that inequality is necessarily good,

it's just that for people who say that it's bad, the burden is on them to show that and we don't have much good evidence either way," he says. Crunching different measures of economic well-being yields different results, he adds. "So you end up with folks who just point to how much inequality we have—which by all measures is a lot—and they just assume away this central question of whether the gains of people at the top have come at the expense of people at the bottom."

If income inequality is a topic of ferocious political disagreement, the issue of mobility provides at least one thing that liberals and conservatives generally agree on: Inching from one end of the economic spectrum to the other is too hard, especially for people born into poverty. According to Pew, roughly 40 percent of children whose parents are in the poorest quintile will remain there until they die, as will 40 percent born to parents in the top quintile—twice as high as would be expected by chance. Children of middle-income families have a roughly equal chance of falling down or climbing up. The numbers are significantly worse for black children: Nearly half born to middle-income parents will fall into the poorest quintile compared with 16 percent of white children.

Corak's findings about the connection between inequality and mobility are "political dynamite," says Justin Wolfers, a Princeton University economist. "The right-wing critique of attention to inequality has been that this is the politics of envy and envy is very un-American—we like those and hold up those who succeed," he says. "The Gatsby graph reframes the conversation about inequality in terms of mobility and opportunity, which everyone is for."

Janet Delesanti doesn't know which surprised her more: when the acceptance letter from Yale University arrived a few months after her 36th birthday, or graduation day, when she sat among her fellow members of the class of 1993. The daughter of middle-class, second-generation Italian immigrants felt like she'd overcome the odds. "I was like wow, who is this Brooklyn kid at Yale and graduating with the cap and gown and the whole nine yards?" recalls Delesanti, who earned a bachelor's degree in psychology before completing a master's at George Washington University.

Two diplomas in hand, Delesanti was sure she'd be able to top the \$43,000 salary she'd worked her way up to in the travel department at American Express (AXP) before heading back to school. Now at 58, she finds herself working two jobs to afford her mortgage and subsidize the care of her elderly mother.

On a Saturday morning at her ranch home in the Bridgeport suburb of Trumbull, Delesanti balances the daily chaos. "She may be dozin' right now, Dorna," she says to the tall Jamaican woman walking down the hall to greet Delesanti's groggy 86-year-old mother lying in a hospital bed. It's 8:15 a.m., and the arrival of Dorna, the caretaker, means a few hours of respite for Delesanti; her mother moved in last year as she descended into delusional dementia. Delesanti can't bear the idea of putting her mother in a facility, but can't afford the live-in care that would make her own life more manageable. She kisses her mother goodbye and walks out the door.

Soon, Delesanti is standing before her 30 Child Psychology and Development students at Housatonic Community College in Bridgeport, and she finds her rhythm. Her dry wit lights up the classroom and students thank her on the way out. She keeps notes of gratitude from past pupils and colleagues at home in a bookcase next to her computer.

Despite the praise, Delesanti's combined salaries from her teaching position and a gig selling insurance for Aflac (AFL) barely reached \$30,000 last year—and she's failed to net any of the 50 or so positions she's applied for in the past four years that would have provided the security, pay, and benefits she currently lacks as a nontenured adjunct professor. She longs to buy a new shirt on impulse, or get a massage after an especially stressful week—a life more like the one she led, ironically, before going back to school. For

Delesanti and many people around her, late middle age hasn't brought the stability they grew up expecting. "I just got a notice that my house went down \$60,000 in value," she says. "Luckily I'm not underwater, because I've had a house for a long time, but I'm halfway. I got half a mortgage on my house, which is way too much, I think, at my age."

Down the hall from where Delesanti lectures on Freud's id, Lazarus picks at a plate of overcooked ziti. On a winter afternoon, peppy orientation leaders cluster the 60 or so new students into groups according to their intended majors to discuss what had brought them there and what they hope to achieve. Lazarus thinks of her kids. "I can't be a hypocrite. I can't preach to them about education if I don't do it myself," she says.

Lazarus is studying to become a registered nurse, a job she estimates will more than double her wages to \$33 per hour and enable her to move to a better neighborhood and replace Gerahmee's shoes before they develop holes. She'd be the first in her family to get a bachelor's degree.

The education achieved by a person's parents is one of the greatest determinants of her socioeconomic status. According to Pew, a four-year college degree is one of the most powerful drivers of economic mobility from the bottom, quadrupling a poor person's chances of making it to the top. But the poor are the least likely to attend college, tending to lack the funds and academic preparation. A typical college graduate earns \$650,000 more than a high school graduate over a 40-year work life.

In his 2011 book *The Haves and the Have-Nots: A Brief and Idiosyncratic History of Global Inequality*, World Bank economist Branko Milanovic likens inequality to cholesterol. Just as good cholesterol helps the body avert fat buildup, " 'good' inequality is needed to create incentives for people to study, work hard, or start risky entrepreneurial projects," he writes. It also ensures that people aren't so mobile that they can fall at any time. Too much of the bad and the arteries become blocked, triggering disease: "Rather than providing the motivation to excel, inequality provides the means to preserve acquired positions." When access to education and the best jobs are limited to those at the top, he writes, society is deprived "of the skills and knowledge of a large segment of its members (the poor)."

The point at which inequality becomes too great is largely dependent on one's political convictions. For Krueger, the U.S. has already "reached the point that inequality in incomes is causing an unhealthy division in opportunities, and is a threat to our economic growth." James Q. Wilson, the late Pepperdine University public policy professor, wrote that rather than worrying about inequality and taxing the rich to lessen it, we should instead focus on poverty reduction by doing things like teaching the poor "marketable skills" and encouraging work and marriage.

While academics and politicians squabble over the meaning of the statistics, Delesanti comes to a definitive conclusion as she looks at the numbers in front of her: The money coming in won't cover expenses for food, mortgage, and her own health insurance—let alone retirement savings—for much longer.

In Stamford, Lazarus sees education as her ticket to getting ahead. Delesanti did, too. Yet now she feels farther behind than ever before. To solve this equation, Delesanti sees only one route: Returning to her former job as an American Express travel agent for the same salary she earned 25 years ago—if she can get the position back. "I doubt I'll stop teaching," she sighs, "but someday I would like to be normal and only have one job. I've got a lot of ground to make up."

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THANK YOU.