**Testimony in Support of Raised S.B. 387, *An Act Increasing the Minimum Fair Wage***
**Labor and Public Employees Committee**

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Senator Osten, Representative Tercyak, Senator Markley, Representative Smith, and distinguished members of the Committee:

My name is Matt Santacroce. I am a Policy Analyst 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 here to testify in favor of Raised Senate Bill 387, An Act Increasing the Minimum Fair Wage.** Connecticut Voices applauds the committee's continued leadership on this important issue, and we strongly support both components of the proposal before the Committee today: raising the minimum wage to $9.75 an hour, and indexing the minimum wage to the rate of inflation.

The proposed minimum wage increase would represent a significant boost to our state's lowest-income workers. **Today, over 100,000 Connecticut workers make so little at or near minimum wage that they could not pull a family of four out of poverty even if they worked full-time for the entire year.** Increasing the wage to what it was worth 40 years ago – about $9.75 an hour – and would boost the paychecks of those most likely to spend that money in their local economies, spurring demand for goods and services and helping local businesses hire. Indexing the minimum wage to inflation would give employers predictability over future wages, and would ensure decent pay for workers in the state's fastest growing job sectors, such as food service and retail – which are also those most likely to pay minimum wage.

**After peaking in real dollars at $10.16 an hour in 1972, the minimum wage has lagged far behind the rate of inflation and economic growth in Connecticut.** Between 1981 and 2000, the minimum wage averaged only $7.29 an hour in real dollars, bottoming out at $6.25 an hour in 1996. Thanks to repeated legislative action, the minimum wage regained some ground – but at an average of $8.45 an hour between 2001 and 2012. However, it has still not regained the value it held through the 1960s and 1970s. Put simply, the minimum wage buys less now than it did 50 years ago : The 1963 rate of, $1.15 an hour, would be worth $8.63 an hour in today's economy.

While the minimum wage has declined or stagnated for the past three decades, other wage earners have seen an increase in real incomes. Since 1979, median wage earners in Connecticut have seen their wages increase by 21 percent. Over the same time period, those in the top 10 percent of the wage scale have enjoyed a 46 percent increase in real dollars – meanwhile, the minimum wage has decreased in value by 9 percent. Relative to the middle and upper tiers of the wage scale, and to the cost of living in Connecticut, the minimum wage has eroded. Not only do minimum wage earners have farther to climb to reach the middle class, they are poorer in the meantime.

**Raising and Indexing the Minimum Wage: A Common Sense Solution**

We strongly support the Committee's proposal to both raise the minimum wage to $9.75/hour by 2015 and to index the minimum wage to inflation. Connecticut must ensure its minimum wage keeps up with the cost of living and an increasingly stratified labor market.

Raising the minimum wage to $9.75 an hour would impact some 225,000 workers in Connecticut – 150,000 would see an immediate pay bump, and an additional 75,000 would see their wages increase as employer pay scales shift upward to reflect the new minimum wage. While this increase would not catch up to 40 years of growth on the rest of the wage scale, it would still be a significant boost for our state's lowest-wage workers.

In addition, the state should ensure that the minimum wage reflects economic realities by indexing the wage to inflation. As previously stated, failing to index has led to a minimum wage that is shrinking in real terms. Indexing the minimum wage to inflation would ensure that as the economy regains momentum, minimum wage workers receive pay increases commensurate with upticks in the economy and corresponding increases in the cost of living.

**Further, indexing, which at least ten states already have in place, would relieve business owners of the unpredictability of repeated legislative minimum wage increases** – the wage was raised by legislative action nine times in the last 11 years. With indexing, Connecticut's employers would have a guarantee that the minimum wage would not be subject to spikes that outpace the rate of inflation. Indeed, since 1950 there have been ten statutory minimum wage hikes greater than 10 percent over the previous year, and four that were 15 percent or greater.

In sum, restoring the value of the minimum wage and indexing it to inflation would boost living standards and improve opportunity for hard-working minimum wage earners and their families. It would make minimum wage work pay again, and give truth to the notion that if you work hard, you should earn enough to be middle class, or at least enough to work your way into the middle class. Restoring the value of the minimum wage would allow it to once again act as a stepping stone, rather than quicksand, for hard-working families.

Thank you for the opportunity to testify today. For further information, Voices has released an issue brief on raising and indexing Connecticut's minimum wage that provides in-depth analysis of these points. The brief is attached to this testimony, and is also available on our website, www.ctvoices.org.

I look forward to your questions.