



State of Connecticut
SENATOR DONALD E. WILLIAMS, JR.
Twenty-ninth District
President Pro Tempore

Testimony before the Labor and Public Employees Committee

In Support of Senate Bill 32, AAC Working Families' Wages
February 18, 2014

Senator Osten, Rep. Tercyak, distinguished members of the Labor and Public Employees Committee, I appear before you today in support of S.B. 32, AAC Working Families' Wages. I applaud Governor Malloy's proposal to increase the minimum wage incrementally to \$10.10 by January 1, 2017 (\$9.15 on January 1, 2015 and to \$9.60 by January 1, 2016).

Income inequality is growing nationwide, and in Connecticut the divide between rich and poor is the second largest in the nation. According to the Center on Budget and Policy Priorities¹, in the years after World War II into the 1970s, the United States enjoyed substantial economic growth and shared prosperity across all income strata. While the income gap between the wealthiest and the middle and lower wage classes was substantial, the gap did not change much during this period.

However, beginning in the 1970s, economic growth slowed and the income gap widened. Income growth for households in the middle and lower segments slowed sharply, while incomes at the top continued to grow strongly. Whereas in the past, the average CEO made about 20 to 30 times the income of the average worker, today's CEO now makes 273 times more.

In Connecticut, since the 1970's, the richest 20 percent saw a 110.3 percent increase in income, while the lowest 20 percent's income dropped by 4 percent. More recently, from the late 1990s to the mid-2000s, the average decrease in income among Connecticut's bottom 20 percent was 9.8%. At the same time, the wealthiest 20 percent of Connecticut households enjoyed an average increase in income of 17.2 percent, while the incomes of the middle 20 percent remained at relatively the same levels with an average 2.5 percent increase.

¹ Stone, Chad, et.al., *A Guide to Statistics on Historical Trends in Income Inequality*, (December 5, 2013).

Most recently, in the recovery period from 2009 to 2012, average real family incomes across the nation grew by 6%. However, 95% of that growth accrued to the top 1% of United States families.² This statistic illustrates that those at the middle and lower income levels have not shared in the economic recovery; their incomes remain relatively flat, while the costs of food, housing and energy have all increased.³

In Connecticut, there is a distinct income divide. The average weekly wage in Fairfield County is inflated due to the profits reaped on Wall Street, and is more than twice that of Windham, Tolland, and Litchfield Counties. Most of Connecticut resembles the majority of cities and towns across the United States where economic recovery is occurring slowly, and those earning minimum wage need a hand up to make ends meet.

The improved financial security resulting from an increase in the minimum wage may not seem significant to those in upper income brackets, but it can make a critical difference for the men and women who struggle to make ends meet. Those extra dollars will help keep the family car on the road—the car that allows the parents to get to work and the children off to preschool. Those dollars will literally help pay the rent and consequently reduce homelessness. A higher minimum wage will allow less stress when it comes stretching dollars to buy enough food to feed a family, shoes and clothes for children, in short, the basics that many of us take for granted. An increased minimum wage will help not only those Connecticut families who depend on minimum wage jobs, but also the local economy as those dollars will be spent locally.

Increasing the minimum wage is one important step we can take to begin to address the widening income gap and to give people a chance at economic mobility. It is not the only answer, but it is part of the solution to help those who work hard to earn a living improve their basic quality of life.

² Saez, Emmanuel; *Income Concentration and Top Income Tax Rates*; USC Tax Policy Conference (February 2014).

³ See generally, U.S. Department of Labor Bureau of Labor Statistics Consumer Price Index 2009-2012.