



20 years of advancing opportunities for children and families

Testimony in Support of An Act Increasing the Minimum Fair Wage to \$15 by 2022

Raised Bill H.B. 5370

Derek Thomas, M.P.A.

Labor and Public Employees Committee

March 3, 2016

Senator Gomes, Representative Tercyak, and Members of the Labor and Public Employees Committee:

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 **Raised Bill No. 5370, An Act Increasing the Minimum Fair Wage to \$15 by 2022**. Policymakers should be proud that, as of January 1, 2016, 150,000 workers in Connecticut received, on average, a 45-cents per hour raise as part of an effort to bring the state minimum wage to \$10.10 by 2017.

Even with this recent increase, however, a full-time employee working a 40-hour week will earn \$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 in , 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, there are currently 336,000 workers (20 percent of the work force) that 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/>

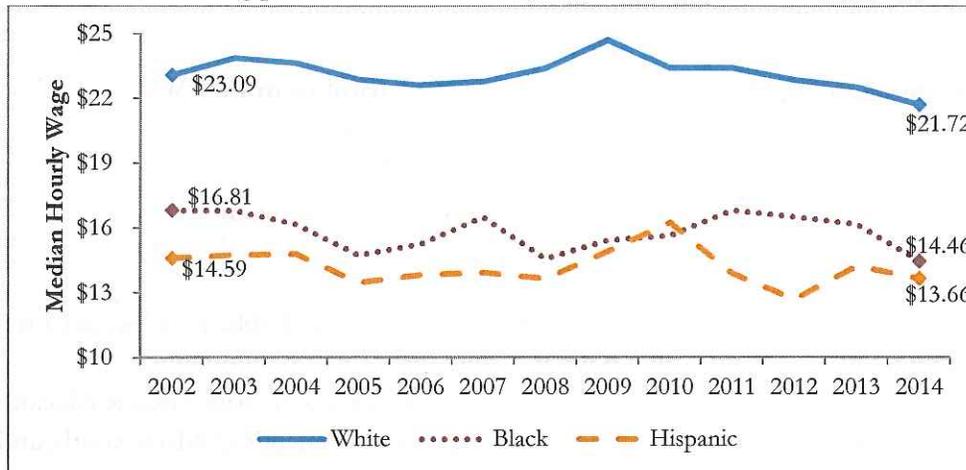
² See our State of Working Connecticut Report: <http://www.ctvoices.org/stateofwork>

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.

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 in support of Raised Bill H.B. 5370.

Please feel free to contact me if you have questions or need 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