

To Senator Edwin A. Gomes, Representative Peter A. Tercyak and Members of the General Assembly Committee on Labor and Public Employees:

My name is Louise Simmons and I am a Professor of Social Work at the University of Connecticut. I live in Hartford. My remarks are based on my work both as an academic and as a long-time supporter of workers' and poor peoples' rights and are my own views, only. I want to support **House Bill 5370, AN ACT CONCERNING THE MINIMUM FAIR WAGE**. It is clear that minimum wage jobs cannot adequately support families in a state like Connecticut. The Federal Poverty Level which is used widely in determining eligibility for various kinds of assistance for a family of three is \$20,160 and for a family of two is \$16,020. A job which pays minimum wage in Connecticut of \$10.10 per hour at 40 hours per week for 52 weeks of work per year would provide \$21,008. So if there is one parent and two children in a household where the parent earns minimum wage, they hover at the poverty level. On top of that, many minimum wage earners cannot get 40 hours per week of work even if they have more than one job, so it is often the case that they end up working but in poverty. Legislation such as **House Bill 5371, AN ACT CONCERNING A MINIMUM WORKWEEK FOR PERSONS PERFORMING BUILDING MAINTENANCE SERVICES**, help to address these issues for those in building services and I would urge you to pass this legislation, as well.

There are a several studies across the country that examine the public cost of low wages for tax payers. Highly regarded researchers at the University of California Berkeley and the Economic Policy Institute, to name a few, have examined this problem and conclude the raising the minimum wage levels we can get away from the problem of low wage employers using the public assistance systems to augment their workers' needs. We need to consider this argument carefully and enact policies that are humane to workers and help our economy. If we increase the minimum wage, the additional buying power will go back into the economy and that is a win-win for all of us. People will be able to spend more, more taxes will be generated, the need for various of types of assistance may be reduced and our state's economy can begin to improve for its neediest residents.

I have attached several pages from the Connecticut Permanent Commission on the Status of Women's report, The Self Sufficiency Standard for Connecticut 2015. I would urge you to look at this report carefully and it is available in full on the PSCW website, but just to summarize a few of its findings:

In Bridgeport, in order not to have to rely on public benefits in a family consisting of one adult and one preschool aged child, that household would need to have an annual income of \$58,142, something many of us cannot imagine. All over Connecticut the Self Sufficiency Standard ranges from approximately \$48,000 per year in the least expensive areas to over \$70,000 in some of our most expensive areas for this same size family. Some expenses depend on the age of the children – childcare is important and costly for young children, and the cost of food grows as students become teenagers.

I hope that this committee will take action on these measures and restore some measures of equity into our wages and our economy. Thank you.

How Much Does it Cost to Make Ends Meet in Connecticut?

How much income families need to be economically self-sufficient depends both on family composition—how many adults and how many children and the children’s ages—and where they live. Table 2 illustrates how substantially the Standard varies by family type by showing the Standard for four different family configurations in Bridgeport.

- A single adult needs to earn \$10.27 per hour working full time to be able to meet his or her basic needs, which is over a dollar more than the Connecticut minimum wage (\$9.15 per hour in 2015).
- Adding a child more than doubles this number; one parent caring for one preschool-aged child needs to earn \$25.64 per hour to be self-sufficient.
- Adding a second child further increases the wage: one parent with two children—a preschooler and school-age child—needs \$30.75 per hour to meet her family’s basic needs. Even with one of the highest state minimum

wages, this is the equivalent of over three full-time minimum wage jobs in Connecticut.⁶

- When there are two adults, the additional adult adds some costs, but splits the economic burden; nevertheless, two parents with one preschooler and one school-age child *each* need to earn a minimum of \$16.57 per hour, working full time, to meet their family’s basic needs.

In addition to varying by family composition, the Self-Sufficiency Standard also varies by geographic location. The map in Figure 1 displays the geographic variation in the

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 BE ECONOMICALLY SELF-SUFFICIENT VARIES
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 GEOGRAPHIC REGION OF RESIDENCE.

TABLE 2. The Self-Sufficiency Standard for Select Family Types*
Monthly Expenses and Shares of Total Budgets: Bridgeport, CT 2015

MONTHLY COSTS	ONE ADULT		ONE ADULT, ONE PRESCHOOLER		ONE ADULT, ONE PRESCHOOLER, ONE SCHOOL-AGE		TWO ADULTS, ONE PRESCHOOLER, ONE SCHOOL-AGE	
	Costs	%	Costs	%	Costs	%	Costs	%
Housing	\$828	46	\$1,054	23	\$1,054	19	\$1,054	18
Child Care	\$0	0	\$1,186	26	\$1,676	31	\$1,676	29
Food	\$304	17	\$462	10	\$696	13	\$955	16
Transportation	\$70	4	\$70	2	\$70	1	\$140	2
Health Care	\$199	11	\$592	13	\$615	11	\$671	12
Miscellaneous	\$140	8	\$336	7	\$411	8	\$450	8
Taxes	\$265	15	\$945	21	\$1,156	21	\$1,154	20
Earned Income Tax Credit (-)	\$0	0	\$0	0	\$0	0	\$0	0
Child Care Tax Credit (-)	\$0	0	(\$50)	-1	(\$100)	-2	(\$100)	-2
Child Tax Credit (-)	\$0	0	(\$83)	-2	(\$167)	-3	(\$167)	-3
TOTAL PERCENT		100		100		100		100
SELF-SUFFICIENCY WAGE								
HOURLY**	\$10.27		\$25.64		\$30.75		\$16.57	per adult***
MONTHLY	\$1,807		\$4,512		\$5,412		\$5,834	combined***
ANNUAL	\$21,688		\$54,142		\$64,940		\$70,003	combined***
EMERGENCY SAVINGS FUND	\$33		\$74		\$99		\$50	

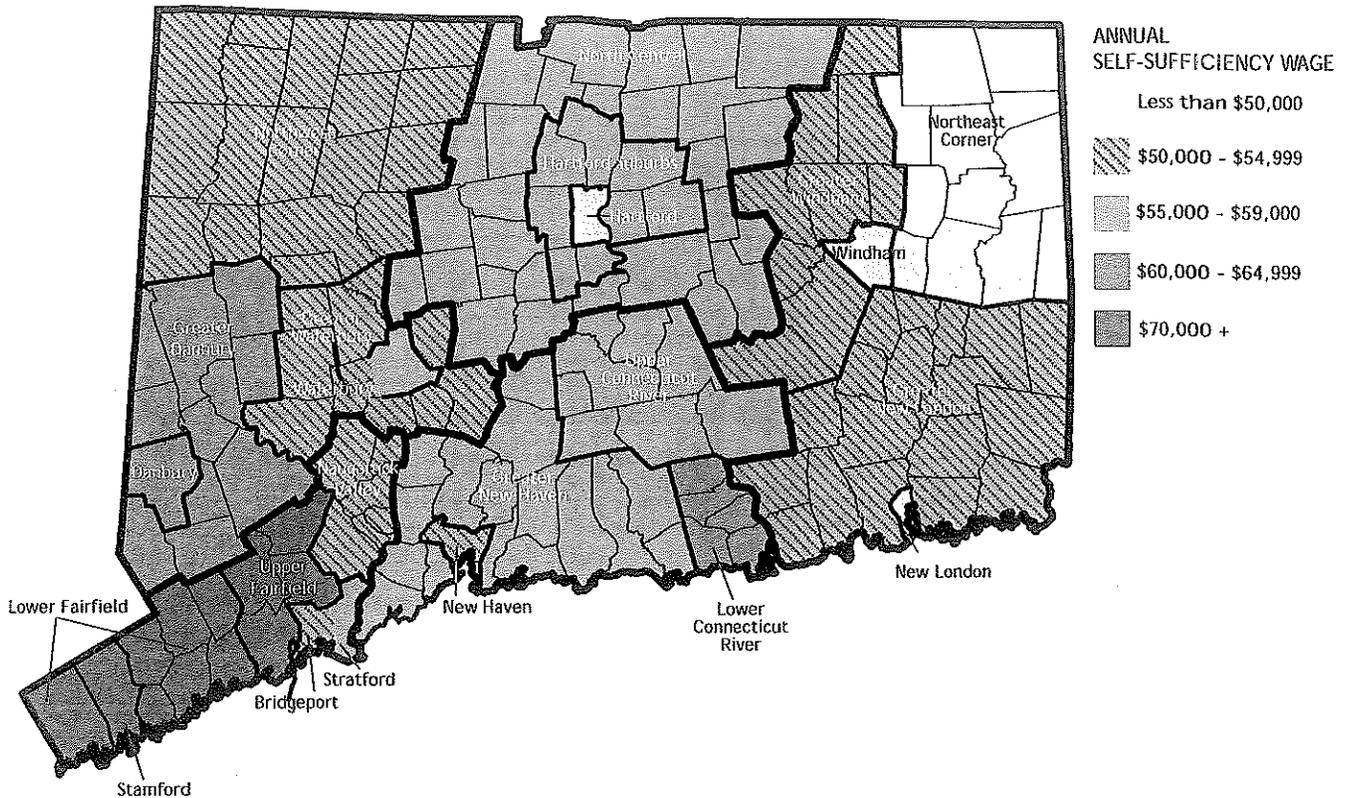
* The Standard is calculated by adding expenses and taxes and subtracting tax credits. The “Taxes” row includes federal and state income taxes and payroll taxes.

** The hourly wage is calculated by dividing the monthly wage by 176 hours (8 hours per day times 22 days per month).

*** The hourly wage for families with two adults represents the hourly wage that each adult would need to earn, while the monthly and annual wages represent both parents’ wages combined.

Note: Totals may not add exactly due to rounding.

FIGURE 1. Map of Regions by Level of Annual Self-Sufficiency Wage
One Adult and One Preschooler, CT 2015



cost of meeting basic needs across Connecticut for families with one adult and one preschooler. The 2015 annual Self-Sufficiency Standard for a single adult with one preschooler ranges from \$44,657 to \$77,800 depending on the region.

- The most expensive areas in Connecticut are in the southwest corner and include Stamford, Lower Fairfield, and Upper Fairfield. With an annual Self-Sufficiency Standard at \$77,800 per year for this family type, the Lower Fairfield region has the highest cost of living in Connecticut.
- The second highest cost group requires between \$60,000 and \$64,999 annually to meet basic needs and includes Danbury, Greater Danbury, and the Lower Connecticut River region.
- The middle cost group requires between \$55,000 and \$59,000 annually for a family with one adult and one preschooler and includes the following regions: North Central, Hartford Suburbs, Upper Connecticut River, Greater New Haven, and Stratford.
- The second lowest cost group requires between \$50,000 and \$54,999 to meet basic needs. This group includes

the Northwest Corner, Greater Waterbury, Waterbury, Naugatuck Valley, Bridgeport, New Haven, Greater Windham, and Greater New London.

- Requiring less than \$50,000 annually, the most affordable regions in Connecticut include Windham, Hartford, Northeast Corner, and New London. Overall, Windham is the least expensive place for this family type and is over \$33,000 less expensive than the wealthy Lower Fairfield region.

SAVING FOR EMERGENCIES. For all families, having savings to meet unexpected emergencies is an important step towards economic security. The 2015 Standard for Connecticut includes an emergency savings amount for the first time. This estimate is based on the assumption that the minimum savings needed reflects the cost of living expenses (using the Self-Sufficiency Standard) minus the amount of other resources available to meet those needs (such as unemployment insurance), for the length of time of the emergency. These calculations are for the most common emergency, that of job loss, and use the median amount of

How Does the Self-Sufficiency Standard Compare to Other Benchmarks of Income?

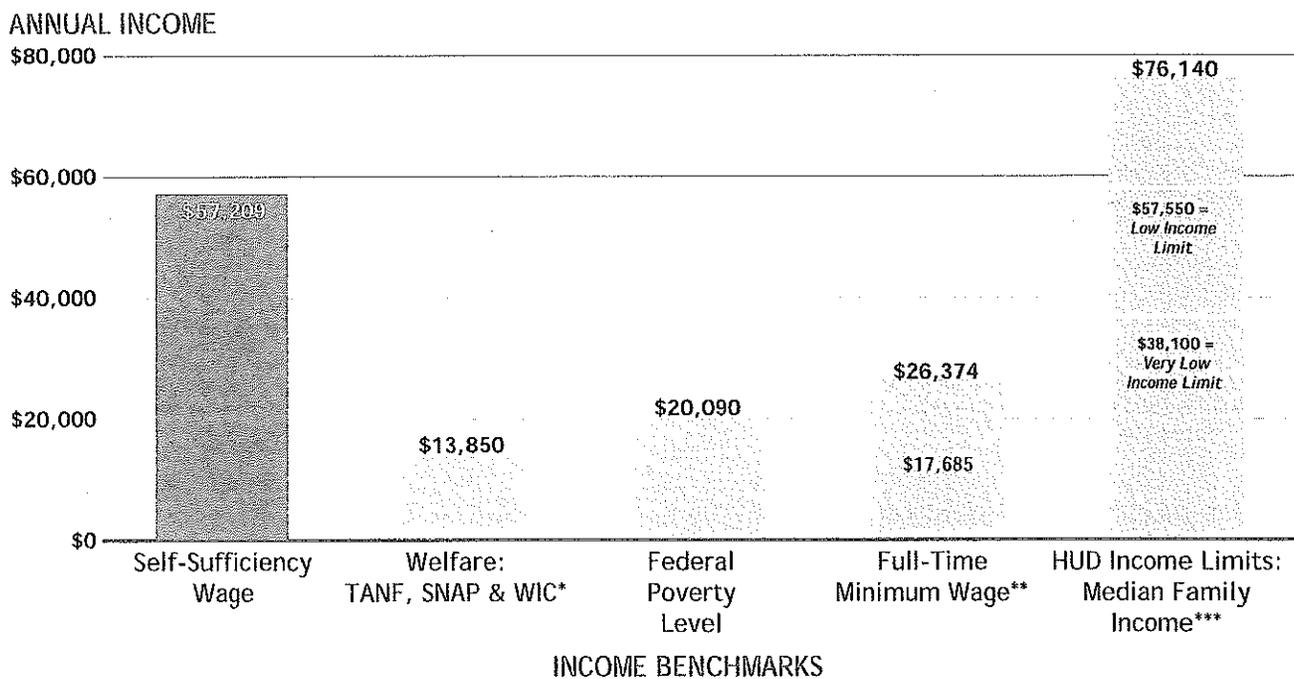
As a measure of income adequacy, how does the Standard compare to other commonly used measures? Figure 7 compares the New London Self-Sufficiency Standard for one adult, one preschooler, and one school-age child to the following income benchmarks for three-person families:

- Temporary Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP, formerly the Food Stamp Program), and WIC (Women, Infants and Children);
- the Federal Poverty Level (FPL) for a family of three;
- the Connecticut minimum wage of \$9.15 per hour; and
- the HUD median income limits for a family of three in New London.

Note that the Standard is more specific in terms of the age as well as number of children and geography than any of these other income benchmarks. Even though there is a “progression” in the amounts of each of these benchmarks, it should be noted that this comparison is not meant to show how a family would move from a lower income to economic self-sufficiency. (Instead, see below for a discussion of pathways to self-sufficiency, including the role of work supports and other approaches.) Rather, this comparison is intended to indicate how the Standard compares to other indicators of poverty or minimum income adequacy.

As indicated in the first bar in Figure 7, the Self-Sufficiency Wage for this family type in New London is \$57,209 per year.

Figure 7. The Self-Sufficiency Standard Compared to Other Benchmarks
One Adult, One Preschooler, and One School-Age Child
 New London, CT 2015



* For FY 2015, the maximum TANF benefit amount is \$7,718 annually, the SNAP benefit amount is \$6,132 annually, and the WIC benefit amount is \$554 annually for a family of three in Connecticut.

**The 2015 Connecticut minimum wage is \$9.15 per hour. This amounts to \$19,325 per year; however, assuming this family pays federal and state taxes and receives tax credits, the net yearly income would be a larger amount, \$26,374 as shown. The dashed line shows the annual income received after accounting for taxes (\$17,685) but without the addition of tax credits, which are received as a yearly lump sum after filing taxes the following year.

*** The U.S. Department of Housing and Urban Development (HUD) uses area median family income as a standard to assess families' needs for housing assistance. The HUD median family income limits are for FY2014.

TANF, SNAP AND WIC. The second bar on the left in Figure 7 calculates the cash value of the basic public assistance package, assuming no other income, and includes the cash value of SNAP (formerly food stamps), WIC, and TANF. This public assistance package totals \$13,850 per year for three-person families in Connecticut, which is just 24% of the Self-Sufficiency Standard for a three-person family in New London, and 69% of the FPL for a three-person family.

FEDERAL POVERTY LEVEL. A three-person family, regardless of composition or where they live, would be considered “poor” with an income of \$20,090 annually or less, according to the Federal Poverty Level. The FPL for three-person families is just 35% of the Self-Sufficiency Standard for this New London family.

This comparison is for just one family type. In New London, the Self-Sufficiency Standard ranges from 178% of the FPL for a household with one adult and two teenagers to 351% of the FPL for a household consisting of one adult with three infants. This comparison is also for just one place. *Appendix C: Federal Approaches to Measuring Poverty* compares the percentage of the FPL needed to meet basic needs for one adult, one preschooler, and one school-age child across Connecticut, and finds that the Self-Sufficiency Standard for this family type ranges from 266% of the FPL in Windham to 448% of the FPL in Lower Fairfield. See Appendix C for discussion of the related Supplemental Poverty Measure (SPM).

MINIMUM WAGE. Currently Connecticut has a minimum wage of \$9.15 per hour in 2015, which amounts to \$19,325 per year working full time. Because this is earned income, payroll taxes (Social Security and Medicare) are subtracted and eligible tax credits (EITC and CTC) are added. Altogether a working parent with two children would have a net cash income of \$26,374 per year. This net “take home” amount is more than the worker’s earnings alone because the tax credits for which the family qualifies are more than the taxes owed.

Even with a relatively high statewide minimum wage, a full-time minimum wage job in Connecticut provides less than half, or 46% of the amount needed to be self-sufficient for this family type in New London. If it is assumed more realistically that the worker pays taxes *monthly* through withholding, but does not receive tax credits on a *monthly* basis (as is true of all workers), her take-home income would be \$17,685 during the year, shown by the dashed line on the third bar. Without including the impact of tax credits in either the minimum wage or Self-Sufficiency Standard income (but still accounting for payment of taxes), a minimum wage job amounts to just 31% of the Self-Sufficiency Standard for this family type in New London.

MEDIAN FAMILY INCOME LIMITS. The U.S. Department of Housing and Urban Development (HUD) uses percentages of area median family income (i.e., half of families in the area have income above this amount, and half below) to determine families’ needs for housing assistance on the assumption that median income is a rough measure of the local cost of living. The Fiscal Year 2014 HUD median income for a three-person family in New London is \$76,140 annually.¹³ HUD income limits define three levels: “low income” three-person families in New London have incomes between 50% and 80% of area median income, or \$38,100 and \$57,550; “very low income” three-person families have incomes between 30% and 50% of area median income, or \$22,900 and \$38,100; and those with incomes below 30% of area median income are considered “extremely low income.”¹⁴ The Self-Sufficiency Standard of \$76,140 for this family type in New London is in the HUD “low income” range, demonstrating that the Standard is a conservative measure of the minimum required to be self-sufficient in New London. (Note that with limited resources, most federal housing assistance goes to families with incomes that are considered “very low” or “extremely low.”)

Most Top Occupations in Connecticut Fall Short of the Standard

Since almost all working-age families meet their income needs with employment, a crucial question is whether the jobs available provide sufficient wages.

To answer this question, the wages of the ten most common occupations (by number of employees) in Connecticut are compared to the Standard. For example, the Standard used is that for a one-parent family with a preschooler and school-age child in Waterbury, which is \$29.14 per hour and \$61,535 per year. These ten occupations, which include 20% of Connecticut workers, and their median wages are listed in Table 5.¹⁵

The median wages of only two of the state's top ten occupations, registered nurses and general and operations managers, are above the Self-Sufficiency Standard for this family type in Waterbury. Indeed, five of Connecticut's top ten occupations have median earnings less than *half* of the Standard for a Waterbury family with one adult, one preschooler, and one school-age child.

The most common Connecticut occupation is retail salespersons and accounts for 3% of all Connecticut workers. With median hourly earnings of \$10.79 per hour (median annual earnings of \$22,432), the top occupation in Connecticut provides workers with earnings that are only a third of the Standard for this family type in Waterbury. In fact, two adults working full time at this wage would still not be able to earn the minimum needed to support a preschooler and a school-age child in Waterbury, as the Self-Sufficiency Standard for *two* adults with one preschooler and one school-age child requires *each* adult to earn at least \$16.62 (a total of \$70,182 annually) per hour working full time.

Similarly, the median wages of three more of the top ten occupations—cashiers at \$9.63 per hour, food preparation and serving workers at \$9.44 per hour, and waiters and waitresses at \$9.23 per hour—are such that even working *three* full-time jobs would not yield enough income to meet this single-parent family's basic needs. The median wages

Table 5. Wages of Connecticut's Ten Largest Occupations Compared to the Self-Sufficiency Standard for Waterbury, CT 2015
One Adult, One Preschooler, and One School-age Child

OCCUPATION TITLE	NUMBER OF EMPLOYEES	PERCENTAGE OF TOTAL EMPLOYEES IN OCCUPATION	MEDIAN WAGE		PERCENT OF STANDARD
			HOURLY	ANNUAL*	
All Occupations	1,635,590	100%	\$20.50	\$42,626	69%
Retail Salespersons	53,500	3%	\$10.79	\$22,432	36%
Cashiers	38,940	2%	\$9.63	\$20,023	33%
Registered Nurses	34,820	2%	\$36.38	\$75,664	123%
Secretaries and Administrative Assistants (Except Legal Medical and Executive)	33,300	2%	\$18.88	\$39,279	64%
General and Operations Managers	30,870	2%	\$58.27	\$121,214	197%
Customer Service Representatives	28,490	2%	\$17.72	\$36,869	60%
Office Clerks General	27,970	2%	\$16.19	\$33,684	55%
Janitors and Cleaners (Except Maids and Housekeeping Cleaners)	27,780	2%	\$12.65	\$26,324	43%
Combined Food Preparation and Serving Workers Including Fast Food	27,570	2%	\$9.44	\$19,639	32%
Waiters and Waitresses	26,940	2%	\$9.23	\$19,216	31%
SELF-SUFFICIENCY STANDARD FOR ONE ADULT, ONE PRESCHOOLER, AND ONE SCHOOL-AGE CHILD					
Waterbury, CT			\$29.14	\$61,535	100%

* Wages adjusted for inflation using the Northeast region Consumer Price Index from the Bureau of Labor Statistics.

Source: U.S. Department of Labor, "May 2013 State Occupational Employment and Wage Estimates," Databases and Tables, Occupational Employment Statistics, <http://www.bls.gov/oes/data.htm> (accessed February 18, 2015).

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of these occupations are above the Connecticut minimum wage yet less than even the Standard for a single adult with no children in Waterbury.

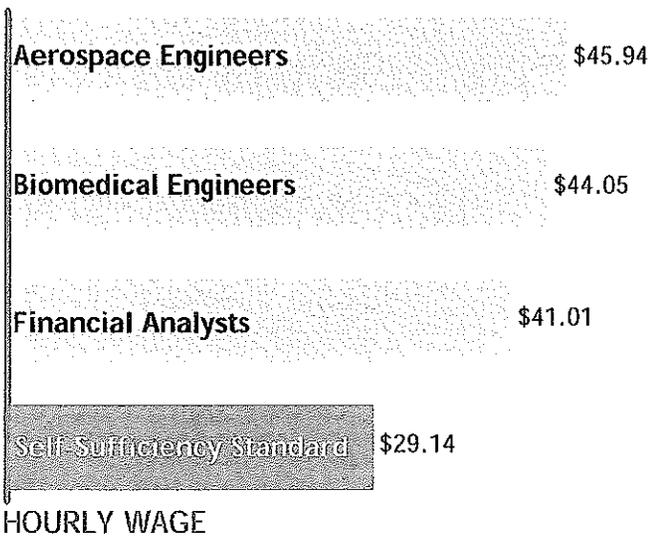
In contrast, the median wages of occupations associated with industries prototypical of Connecticut are well above the Standard: biomedical engineers, aerospace engineers, and financial analysts are over 135% of the Self-Sufficiency Standard for this family type in Stratford (see **Figure 8**). However, these three occupations together account for less than two-thirds of one percent of all occupations in Connecticut.

These numbers reflect the shift towards an increased number of low-wage jobs in the recovery from the Great Recession. That is, while job losses of the Great Recession

were concentrated disproportionately in mid-wage occupations, as the economy recovers the job gains have been disproportionately in lower-wage occupations, while the income gains have been to those at the very top, driving the increased income inequality that underlies Connecticut's high levels of socioeconomic inequality.¹⁶ *Put another way, 80% of workers in the most common occupations, many of them in the fast growing but low wage service sector, do not earn wages sufficient to support their families.*

This growing job gap has consequences in increased economic distress, as increasing numbers of workers struggle to make ends meet at wages well below the minimum needed to meet their needs. At the same time, this analysis of the wages of the state's most common occupations demonstrates that the economic insecurity faced by so many of Connecticut's workers does not reflect a lack of work effort, or lack of skills, but simply that wages are too low in many common Connecticut occupations, a situation exacerbated by the unbalanced post-Great Recession recovery.

Figure 8. Select Occupations Compared to the Self-Sufficiency Standard for Waterbury, CT 2015 One Adult, One Preschooler, and One School-age



There are two basic approaches to closing the income gap between low wages and what it really takes to make ends meet: reduce costs or raise incomes. The next two sections will discuss strategies used in each of these approaches. The first approach relies on strategies to reduce costs, often temporarily, through work supports (subsidies), such as food and child care assistance. Strategies for the second approach, raising incomes, include broader approaches such as directly increasing incomes through raising the minimum wage as well as increasing education levels, incumbent worker programs, and nontraditional job tracks. Reducing costs and raising incomes are not necessarily mutually exclusive, but can occur sequentially or in tandem, at the individual level or at the community, state or national level. For example, some parents may seek education and training that leads to a new job, yet continue to supplement their incomes with work supports until their wages reach the self-sufficiency level.

HHS POVERTY GUIDELINES FOR 2016

2016 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA

Persons in family/household	Poverty guideline
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For families/households with more than 8 persons, add \$4,160 for each additional person.

1	\$11,880
2	16,020
3	20,160
4	24,300
5	28,440
6	32,580
7	36,730
8	40,890

2016 POVERTY GUIDELINES FOR ALASKA

Persons in family/household	Poverty guideline
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For families/households with more than 8 persons, add \$5,200 for each additional person.

1	\$14,840
2	20,020
3	25,200
4	30,380
5	35,560
6	40,740
7	45,920
8	51,120