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Testimony before the Labor Committee Concerning the Proposed Minimum Wage Increase in Connecticut

Gwen Pastor, Policy Analyst, Connecticut Association for Human Services, February 16, 2017

Good afternoon, Senator Gomes, Senator Miner, Rep. Porter, and members of the Labor Committee.

I am Gwen Pastor, Policy Analyst at the Connecticut Association for Human Services. CAHS is a statewide nonprofit agency that works to reduce poverty and promote economic success for children and families through both policy and program initiatives. We appreciate the opportunity to present our policy direction for this legislative session and as we move towards the future.

CAHS is here to express our support for S.B. 13 and H.B. 6219 to raise the minimum wage to \$15 per hour by January, 2022 and to continue to reevaluate the minimum wage in relation to inflation and the consumer price index for urban wage earners and clerical workers in the urban area of New York-Northern New Jersey-Long Island, NY-NJ-CT-PA.

Raising the minimum wage is good policy, which provides great benefits to low-wage workers. Connecticut has the 13th highest percentage of low wage workers in the United States, with 27.8% of workers in low-wage jobs. Additionally, people of color are significantly more likely to hold low-wage jobs than their White counterparts, emphasizing the inequities currently present in our state.¹

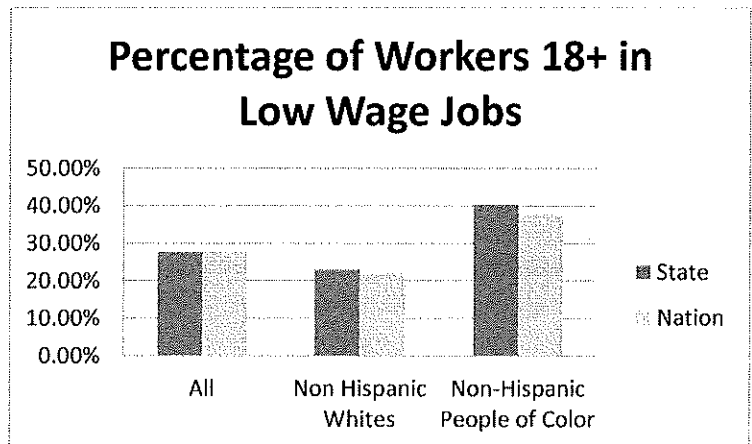


Figure 1: Working Poor Families Data Collection

Any increase in the minimum wage raises concerns about employment levels, as the increased salaries might push some businesses to lay off workers or may discourage employers from paying employees salaries above the minimum

¹Working Poor Families Data Collection, <http://www.workingpoorfamilies.org/indicators/>.

wage. The evidence, in this case, largely points in the opposite direction. Most studies, including those of adjoining states with different minimum wages, show that minimum wage increases do not increase unemployment. Economists, using state-by-state comparisons, have repeatedly found that raises have no apparent effect on the amount of people employed.² Additionally, studies show that raising the minimum wage does not decrease the overall earnings of workers, but may actually increase them. A study completed by the Center on Wage and Employment Dynamics predicts that New York's \$15 minimum wage will hold very little impact upon employment rates, particularly in light of the many workers who will receive boosts in earnings.³

Furthermore, the Brookings Institution found that the majority of those whose employment rates will be impacted are teenagers.⁴ While we do understand that some teenagers need jobs to help support their families or to pay for higher education, teenage workers account for less than a quarter of all workers earning minimum wage. CAHS is intrigued by H.B. 5149, which allows for those under the age of 19 who work fewer than 1000 hours per year to be paid 85% of the fair minimum wage, as a way to encourage employers to hire teenagers. However, we do have some concerns, as H.B. 5149 would also allow "learners" and "beginners" who work 1000 or fewer hours per year to be paid 85% of the minimum wage and the terms "learners" and "beginners" are not well-defined in the general statutes. We fear this may result in part time workers being paid less than they deserve under the guise that they are "learners" or "beginners."

Concluding, an increase of the minimum wage will help thousands of low-income families in Connecticut, giving a boost to our economy without adversely affecting growth or employment. Thank you for your time.

² See, e.g., Dube et al., "Minimum Wage Effects across State Borders: Estimating Using Contiguous Counties," *Review of Economics and Statistics*, 92(4), 945-64, 2010.

³ Reich, Michael; Allegretto, Sylvia; Jacobs, Ken; Montialoux, Claire; et al., "The Effects of a \$15 Minimum Wage in New York State," Center on Wage and Employment Dynamics, 2016.

⁴ Dews, Fred. "6 Facts about a Minimum Wage Increase," Brookings Institution, December 5th, 2013.