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## **Testimony before the Committee on Labor and Public Employees Concerning S.B. No.2 and H.B. No.5004: An Act Increasing the Minimum Fair Wage**

*Samantha J. Hills, Policy Analyst, Connecticut Association for Human Services, March 7, 2019*

Good afternoon Senator Kushner, Representative Porter, Senator Osten, Representative Hall, and members of the Committee on Labor and Public Employees. My name is Samantha J. Hills, and I am a Policy Analyst with the Connecticut Association for Human Services (CAHS). CAHS is a statewide nonprofit agency that works to reduce poverty and promote economic success through both policy and program initiatives.

CAHS supports S.B.2 and H.B.5004, An Act Increasing the Minimum Fair Wage. As a nonprofit agency with a mission to end poverty, we support pathways from poverty to opportunity and from financial insecurity to capability and success. An increase in the minimum wage to more closely reflect the current cost of living is a much-needed policy solution.

According to the United Way's 2018 report *ALICE: A Study of Financial Hardship in Connecticut*, the basic survival budget for a family of four is \$77,832, while the basic survival budget for an individual is \$24,672. These translate to an hourly wage of \$38.92 and \$12.34, respectively. "The cost of the bare minimum to live and work in the modern economy, captured in the Household Survival Budget — housing, child care, food, transportation, health care, technology, and taxes — increased by 16 percent for a single adult and 23 percent for a family of four from 2010 to 2016. At the same time, median earnings increased by only 12 percent in Connecticut and 11 percent nationally, putting greater strain on households."<sup>1</sup>

Although overall Connecticut is a wealthy state, there are people who do not share in our state's economic prosperity. Those left behind are disproportionately nonwhite, women, and children. Of 365,564 Connecticut families with children, 36% are living below a survival budget.<sup>2</sup> Families headed by a single female make up 25% of families in Connecticut, but represent 80% of the families living below the survival budget threshold.<sup>3</sup>

In addition to increasing the minimum wage over the next three years, S.B.2 and H.B.5004 propose that following the initial increase to a \$15 per hour minimum, the Labor Commission will announce an annual adjustment that will keep Connecticut's minimum wage increasing along with the cost of living, as calculated by the U.S. Department of Labor's Bureau of Labor Statistics. This is very important component of the bill because if wages are not continually adjusted, the fluctuations for a family who is hovering around the survival budget line can be drastic. The cost of living will continue to increase, and wages should increase along with it.

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<sup>1</sup> Connecticut United Way (2018) *ALICE: A Study of Financial Hardship in Connecticut*, retrieved on 03/06/19 from: [https://alice.ctunitedway.org/meet\\_alice/](https://alice.ctunitedway.org/meet_alice/).

<sup>2</sup> Ibid.

<sup>3</sup> Ibid.



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There is strong evidence from current research that raising the minimum wage does not affect the number of low-wage jobs that are available<sup>4</sup> nor does it cause a reduction in earnings for workers.<sup>5</sup>

While many argue that minimum wage jobs are intended for youth and/or those who are working their first job, the reality is that many people depend on these types of jobs to support themselves or a family. Consider that nationally minimum wage workers:<sup>6</sup>

- Average age 35 years
- 88% are 20 or older
- 35% are 40 or older
- 56% are women
- 28% have children
- 55% work full-time
- On average, earn half of their family's total income

We strongly support raising the minimum wage for Connecticut to remain a fair place to live and work for all persons. The bill would positively impact low-income working families in Connecticut and increase our economic prosperity. Thank you for the opportunity to offer testimony today, and thank you for your time.

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<sup>4</sup> Cengiz, Doruk, Dube, Arindrajit, Lindner, Attila, and Zipperer, Ben (2019) The Effect of Minimum Wages on Low-Wage Jobs: Evidence from the United States Using a Bunching Estimator, NBER Working Paper No.25434.

<sup>5</sup> Reich, Michael and Allegretto, Sylvia and Godøy, Anna, Seattle's Minimum Wage Experience 2015-16 (June 21, 2017).

<sup>6</sup> Escrow, Dan and Cooper, David (2013) Economic Policy Institute *Economic Snapshot* retrieved 03/06/19 from <https://www.epi.org/publication/wage-workers-older-88-percent-workers-benefit/>.