

Fair Pay for Women and People of Color in Connecticut Requires Increasing the Minimum Wage

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*Tens of thousands of workers in Connecticut – mostly women and people of color – struggle to make ends meet on minimum wage earnings. A bill pending in the Connecticut Senate (S.B. 387) would raise the minimum wage from \$8.25 per hour to \$9.00 per hour in 2013 and to \$9.75 per hour in 2014, then index it to inflation beginning in 2015. **Increasing the minimum wage is a key step toward fair pay for women and people of color in Connecticut.***

Women and people of color are more likely to be paid the minimum wage.

- Women were nearly six in ten Connecticut workers who were paid Connecticut's minimum wage or less in 2011.¹ They provided care for children and elders, cleaned homes and offices, and waited tables.
- Women of color are disproportionately represented among female minimum wage workers.² Nationally, black and Hispanic women were each just over 12 percent of all employed women in 2011;³ among women who made the federal minimum wage, nearly 15 percent were black and more than 16 percent were Hispanic.⁴
- Overall, people of color are disproportionately represented among minimum wage workers. Nationally, black and Hispanic workers were about 11 percent and 14 percent of all workers in 2011, respectively;⁵ among workers who made the federal minimum wage, just over 15 percent were black and nearly 19 percent were Hispanic.⁶

It's time to give low-wage workers in Connecticut a raise.

- A woman working full time, year round in Connecticut at the minimum wage of \$8.25 per hour will earn just \$16,500 annually.⁷ That's more than \$1,600 below the federal poverty line for a mother with two children.⁸ If the federal minimum wage (currently \$7.25 per hour) had kept pace with inflation, it would be over \$10.50 per hour today, setting a floor for states more than \$2.25 above Connecticut's current minimum wage.⁹
- Connecticut families are struggling in this tough economy. In 2011, 28 percent of black families with children were in poverty,¹⁰ 32 percent of Hispanic families with children were in poverty,¹¹ and 33 percent of single-mother families were in poverty.¹²

Raising the minimum wage would boost pay for working women and people of color in Connecticut and help close the wage gap.

- Increasing the minimum wage to \$9.75 per hour would boost annual earnings to \$19,500, an increase of \$3,000 per year – enough to lift a family of three



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out of poverty.¹³ Indexing the wage to inflation would prevent its value from falling further relative to the cost of living.

- The Economic Policy Institute (EPI) estimates that if Connecticut's minimum wage were increased to \$9.75 per hour by 2014, over 246,000 Connecticut workers would get a raise.¹⁴ Almost 59 percent of the workers who would benefit are women, and more than 35 percent are people of color.¹⁵
- Increasing the minimum wage would mean higher pay for thousands of Connecticut women and help close the wage gap.¹⁶ In 2011, Connecticut women working full time, year round were paid only 78 cents for every dollar paid to their male counterparts.¹⁷ Black women working full time, year round made only 58 cents, and Hispanic women only 48 cents, for every dollar paid to white, non-Hispanic male counterparts.¹⁸

Raising the minimum wage would strengthen Connecticut's economy.

- Increasing the wages paid to low-wage workers results in lower turnover, boosts worker efforts, and encourages employers to invest in their workers.¹⁹
- Raising the minimum wage does not cause job loss, even during periods of recession.²⁰
- Most minimum wage workers need this income to make ends meet and spend it quickly, boosting the economy. Research indicates that for every \$1 added to the minimum wage, low-wage worker households spent an additional \$2,800 the following year.²¹
- EPI estimates that raising Connecticut's minimum hourly wage to \$9.75 by 2014 would generate about \$148 million in additional economic activity and nearly 1,300 jobs.²²

- NWLC calculations based on unpublished U.S. Dep't of Labor, Bureau of Labor Statistics data. Figures are annual averages for 2011. Available data do not permit a precise calculation of the percentage of women making the state minimum wage in Connecticut (\$8.25 per hour). However, women were 59 percent of workers making \$7.99 per hour or less and 56 percent of workers making \$8.99 per hour or less in Connecticut in 2011.
- The term "minimum wage workers" refers to workers making the federal minimum wage or less.
- NWLC calculations from U.S. Dep't of Labor, Bureau of Labor Statistics, Current Population Survey. Figure for black women from Table 3, <http://www.bls.gov/cps/cpsaat03.htm> (last visited Apr. 6, 2012). Figure for Hispanic women from Table 4, <http://www.bls.gov/cps/cpsaat04.htm> (last visited Apr. 6, 2012).
- NWLC calculations based on U.S. Dep't of Labor, Bureau of Labor Statistics, Characteristics of Minimum Wage Workers, 2011, <http://www.bls.gov/cps/minwage2011tbls.htm> (Table 1).
- NWLC calculations, *supra* note 3.
- NWLC calculations, *supra* note 4.
- NWLC calculation assuming 40 hours per week, 50 weeks per year at \$8.25 per hour.
- U.S. Census Bureau, Current Population Survey, 2012 Annual Social and Economic Supplement, Table POV35, <http://www.census.gov/hhes/www/cpsa-bles/032012/pov/toc.htm> (last visited Feb. 5, 2013).
- At \$8.25 per hour, Connecticut's minimum wage is higher than the federal minimum wage. The high-water mark for the federal minimum wage of \$1.60 in 1968 (see Douglas Hall, EPI, *Increasing the Minimum Wage Is Smart for Families and the Economy* (May 2011), available at <http://www.epi.org/publication/increasing-the-minimum-wage-is-smart-for-families-and-the-economy/>) would be \$10.56 in 2012 according to the U.S. Dep't of Labor, Bureau of Labor Statistics inflation calculator, http://www.bls.gov/data/inflation_calculator.htm (last visited Feb. 5, 2013).
- NWLC calculations from U.S. Census Bureau, 2011 American Community Survey, <http://www.census.gov/acs/www/> (Table B17010B). Figures are for households where the householder's race is black alone.
- Ibid* (Table B17010I). Figures are for households where the householder's ethnicity is Hispanic or Latino.
- Ibid* (Table S1702).
- NWLC calculation assuming 40 hours per week, 50 weeks per year at \$9.75 per hour for the minimum wage.
- Unpublished EPI estimates. EPI estimates that 154,000 workers making less than \$9.75 per hour would directly benefit from a wage increase, and 92,000 workers making slightly more would also see their pay rise due to the higher floor set by the new minimum wage.
- Ibid*.
- Under most circumstances a higher minimum wage would narrow the wage distribution, effectively narrowing the wage gap. Nicole M. Fortin & Thomas Lemieux, *Institutional Changes and Rising Inequality*, *Journal of Economic Perspectives*, Spring 1997, 75-96, at 78, available at <http://www.econ.ucdavis.edu/faculty/mepage/econ151b/Fortin%20and%20Lemieux.pdf>. See also Francine D. Blau & Lawrence M. Kahn, *Swimming Upstream*, *Journal of Labor Economics*, Jan. 1997, 1-42, at 28, available at http://aysps.gsu.edu/isp/files/ISP_SUMMER_SCHOOL_2008_CURRIE_Swimming_Upstream.pdf.
- NWLC calculations from U.S. Census Bureau, 2011 American Community Survey, <http://www.census.gov/acs/www/> (Tables R2001 and R2002).
- NWLC calculations from U.S. Census Bureau, 2009-2011 American Community Survey Three-Year Estimates, <http://www.census.gov/acs/www/> (Tables B20017B, B20017H, B20017I).
- T. William Lester, David Madland & Nick Bunker, Ctr. for Amer. Progress, *An Increased Minimum Wage is Good Policy Even During Hard Times* (June 2011), available at http://www.americanprogressaction.org/issues/2011/06/higher_minimum_wage.html.
- Mary Gable & Douglas Hall, EPI, *The Benefits of Raising Illinois' Minimum Wage*, at 2-3 (Jan. 2012), available at <http://www.epi.org/files/2012/ib321.pdf>.
- Daniel Aaronson, Sumit Agarwal & Eric French, Fed. Reserve Bank of Chicago, *The Spending and Debt Responses to Minimum Wage Increases*, at 10 (Revised Feb. 2011), available at http://www.chicagofed.org/digital_assets/publications/working_papers/2007/wp2007_23.pdf.
- Unpublished EPI estimates.