

Connecticut General Assembly



PCSW

Permanent Commission on the Status of Women

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**News
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New Report Defines Income and Asset-Building Needs for Family Economic Security in Connecticut; Shows Wage Requirements by Region and Family Type

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WASHINGTON, DC – The Connecticut Permanent Commission on the Status of Women (PCSW) announces an important new tool for those working to enhance the economic stability of Connecticut's families.

As the economy begins to recover and State policymakers look at job development, the report gives insight into pay ranges, benefits and asset-building strategies that will expand the middle class and keep families from falling into poverty.

Among the key findings of the report are:

- Connecticut's minimum wage – even with proposed increases – is grossly inadequate when it comes to building assets and creating financial security for most families;
- The cost of child care is so high in Connecticut, it actually undermines many families' chances of building enough assets to see them through medical or job loss emergencies;
- Workers with no employee-sponsored health insurance or benefits package spend an average of \$17,000 more each year than those workers with these benefits; and
- Well over half (66%) of jobs created by 2018 will require at least some post-secondary education; those jobs that do not hold such a requirement rarely pay wages that create economic security.

The Basic Economic Security Tables™ (BEST) for Connecticut report, available here (<http://ctpcsw.files.wordpress.com/2010/07/basic-economic-security-tables-index-for-connecticut-2011.pdf>) was developed by Wider Opportunities for Women (WOW), a national organization that works to achieve economic independence for women and their families, and was commissioned by the PCSW to help legislators, advocacy groups, educators, job developers, demographers, social service agencies and others assess the real cost of covering basic needs here in Connecticut while building assets.

The report is indexed geographically and by family type, and includes the comprehensive BEST Index, which calculates the monthly income necessary for families to cover their basic expenses, including childcare, housing, health care, transportation, savings and retirement. The report details these costs for more than 400 different household configurations, as defined by the number of adults and children they contain. The Index also examines the different costs of living at the city and state level through “The Five Connecticuts,” a demographic tool developed by the Connecticut State Data Center at the University of Connecticut which divides towns into one of five categories, defined principally by income and population density: *rural, suburban, wealthy, urban core, and urban periphery.*

Among the key findings in the BEST report is that in order to cover basic expenses, a single, childless worker in Connecticut needs \$37,188 a year – or \$17.61 an hour – which is more than two times higher than the federal poverty line. Single parents require nearly twice that income (\$70,728 or \$27.19 per hour) to support two children, while dual-income households with children require \$82,848. This information is especially relevant as the Connecticut General Assembly considers raising the minimum wage to \$9.25 over two years. This is about half what the BEST report says is a wage that brings about true economic security, as opposed to subsistence.

Put differently, a single worker earning the minimum wage needs to earn more than double his/her current income to reach economic security, according to BEST. The income needed for a single mother with two young children to be economically secure is more than double the median income for a single mother in Connecticut.

“The ability to meet basic needs – food, clothing, shelter – while keeping families from true poverty, is not enough to ensure financial *stability*,” said PCSW Executive Director Teresa C. Younger. “For communities to thrive, families must have enough assets to see them through the next emergency, such as a job loss or a medical crisis. They must be able to move into the future with assurance they will be able to live without fear of becoming impoverished or economically dependent. To this end, we are pleased to offer the BEST Index to help policy-makers, educators and job development experts gauge workers’ future needs so that policy discussions and decisions can move from a focus on *poverty* to one of *stability*. Economic stability must be considered on a continuum across a worker’s lifetime and into the next generation. In other words, public policy and the social infrastructure it supports must move from helping families *get by* to helping them *get there*.”

Donna Addkison, WOW’s president and CEO, said, “Too few Connecticut families are living in economically secure households, with most workers unable to stretch their incomes over basic expenses and build savings. The expectation that hard work will support your family is being re-written by the growth of low-paying industries, rising expenses, and reduced public support.”

The BEST report also demonstrates the challenges facing families trying to achieve economic security in the years ahead. Retirement savings are a key component of financial stability.

“Most individuals already feel like they aren’t saving enough for retirement,” said AARP State Director Brenda Kelley. “With household budgets stretched to the max, putting money away for the future – while critical – is often out of reach for many Connecticut families. The BEST

report paints a vivid picture of this and demonstrates why we not only need to increase the rate at which we are saving, but ensure that individuals have access to opportunities to save, especially at work. We applaud the PCSW for making this important data available to help inform policy-makers and others as we work to enhance the economic security of all Connecticut residents.”

In addition to inadequate retirement savings, the report predicts a rather grim jobs picture. Many jobs created in the coming years will not provide economic security wages to the majority of workers who do not have 4-year college degrees. Only one-third of jobs the Connecticut Department of Labor expects to be created by 2018 are likely to provide economic security to a single parent raising two or more children. And just over 60% of new jobs are expected to pay economic security wages for single workers without children and for two workers raising two young children.

The report is likely to shed some light on current debates concerning minimum wage, as well.

“Connecticut’s high cost of living is another reason to raise Connecticut’s stagnating minimum wage,” said Jamey Bell, executive director of Connecticut Voices for Children. “The minimum wage buys less now than it did 40 years ago. It needs to keep pace with rising costs, so that it is a stepping stone toward economic opportunity, not quicksand.”

The BEST offers a blueprint for Connecticut to develop an economic development strategy and state budget that helps more families connect to jobs that pay a wage that can support economic security by helping families meet the costs of basic expenses, save money for retirement and education. BEST Index findings show rent and utilities, transportation and childcare are the largest expenses for most families. Policies which aim to reduce the burdens of these expenses would be a welcome relief for many working families.

Healthcare costs are another significant drain on most families’ resources.

“The BEST report is released just as Connecticut has major decisions to make about how to cover as many residents as possible when access to health insurance expands under the Affordable Care Act in 2014,” said Frances Padilla, executive vice president, Universal Health Care Foundation of Connecticut. “Among those decisions is whether to implement a State Basic Health Program for individuals and families who have incomes just above the limit for Medicaid eligibility. As the report shows, they will not be able to afford health insurance in the Health Insurance Exchange, even with the subsidies funded by the Affordable Care Act. Their incomes do not cover the basics of housing, utilities, food, transportation, childcare and taxes and certainly leave no remaining cushion for the cost of health care.”

The BEST report is the first of its kind to include basic living costs and savings into one measure of income adequacy. The BEST Index calculates the minimum amount of emergency and retirement savings necessary for economic security, which generally amounts to 3 to 6% of overall expenses for the average American family. These basic savings are focused on long-term stability – allowing families to absorb temporary unemployment and to age at home in dignity.

The new *BEST for Connecticut* report builds upon earlier data released by the PCSW, the Family Economic Self-Sufficiency Standard for Connecticut (FESS) and the Elder Economic Security Index for Connecticut (EESI), also created by WOW.

As part of its mandate, the PCSW works on initiatives that enhance women's economic security, along with the enhancement of women's health and security and the elimination of gender discrimination.

Link to Connecticut page at WOW:

<http://wowonline.org/ourprograms/fess/state-resources/connecticut.asp>

About the PCSW: The Permanent Commission on the Status of Women was formed in 1973 under Sec. 46a-1 of the Connecticut General Statutes to study and improve Connecticut women's economic security, health and safety; to promote consideration of qualified women to leadership positions and to work toward the elimination of gender discrimination. As a non-partisan arm of the General Assembly, the agency monitors, critiques and recommends changes to legislation in order to inform public policy, and assesses programs and practices in all State agencies for their effect on the state's women. The PCSW serves as a liaison between government and its diverse constituents, and convenes stakeholders, including the business, non-profit and educational communities, local governments, and the media, in order to promote awareness of women's issues.



About WOW: Wider Opportunities for Women (WOW) works nationally and in its home community of Washington, DC to achieve economic independence and equality of opportunity for women and their families at all stages of life. For over 45 years, WOW has been a leader in the areas of nontraditional employment, job training and education, welfare-to-work and workforce development policy. Since 1995, WOW has been devoted to the self-sufficiency of women and their families through the national Family Economic Security (FES) Program. Through FES, WOW has reframed the national debate on social policies and programs from one that focuses on poverty to one that focuses on what it takes families to make ends meet. Building on FES, WOW has expanded to meet its intergenerational mission of economic independence for women at all stages of life with the Elder Economic Security Initiative. For more information on WOW, contact: Lynsey Kryzwick: 646.200.5311; 917.683.4474

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