



Yankee Institute Policy Brief: Connecticut's Minimum Wage

Overview:

According to recent news reports, State Rep. Zeke Zalaski (D-Southington) will host a press conference today in which he is expected to announce a proposal to increase the state's minimum wage. Though well intentioned, this policy option is deeply misguided and will impose yet another obstacle to job growth in Connecticut.

The minimum wage is a "significant cause of unemployment"

"Overwhelming empirical evidence has convinced most economists that the minimum wage is a significant cause of unemployment, particularly among the unskilled.

Among the beneficiaries of the minimum wage law are the more highly skilled workers who remain employed and who can command higher wage in the absence of less-skilled competition. These more highly skilled workers tend to be represented by labor unions, which, not surprisingly, tend to support increases in the minimum wage." (Stephen A. Landsburg, *Price Theory & Applications 5e*. United States. South-Western Thomson Learning, 2002. Page 407)

More than 50 years of academic research on the subject has found the disemployment effects of the minimum wage

A February 1995 summary of the issue by the Joint Economic Committee of the US Congress identified **105 studies** that supported this conclusion. (Congress of the United States Joint Economic Committee, 50 Years of Research on the Minimum Wage. February 15, 1995. Accessed online on January 31, 2012 at <http://www.house.gov/jec/cost-gov/regs/minimum/50years.htm>)

But Connecticut's minimum wage has been increased 32 times since 1951

Connecticut's minimum wage was increased 30 times between 1951 and 2007 (John Moran, History of CT Minimum Wage, CT Office of Legislative Research Report. June 26, 2006. 2006-R-0410)

Public Act No. 08-92 increased the minimum wage to its current rate of \$8.25 an hour. The hike was implemented in two steps, from \$7.65 to \$8.00 on January 1, 2009 and to \$8.25 on January 1, 2010. (OLR Bill Analysis sHB5105 as amended by

House "A" Accessed online on January 31, 2011 at
<http://cga.ct.gov/2008/BA/2008HB-05105-R010727-BA.htm>)

In fact, Connecticut "has consistently enacted minimum wages that are higher than the national minimum."

"Connecticut has consistently enacted minimums that are higher than the national minimum." (John Moran, History of CT Minimum Wage, CT Office of Legislative Research Report. June 26, 2006. 2006-R-0410)

Since 2000, Connecticut's minimum wage has been significantly higher than the federal minimum wage (Changes in Basic Minimum Wages in Non-Farm Employment Under State Law: Selected Years 1968 to 2012, United States Department of Labor Wage and Hour Division, Accessed online at
<http://www.dol.gov/whd/state/stateMinWageHis.htm>)

Year	Federal minimum wage	CT minimum wage	% Difference
2000	\$5.15	\$6.15	19%
2001	\$5.15	\$6.40	24%
2002	\$5.15	\$6.70	30%
2003	\$5.15	\$6.90	34%
2004	\$5.15	\$7.10	38%
2005	\$5.15	\$7.10	38%
2006	\$5.15	\$7.40	44%
2007	\$5.15	\$7.65	49%
2008	\$5.85	\$7.65	31%
2009	\$6.55	\$8.00	22%
2010	\$7.25	\$8.25	14%
2011	\$7.25	\$8.25	14%
2012	\$7.25	\$8.25	14%

Many other states have not followed Connecticut's course

Connecticut is one of 18 states with a minimum wage rate higher than the federal rate. A total of 23 states have the same minimum wage rates as the federal. There are 5 states with no state-mandated minimum wage and another 4 states with minimum wage rates set lower than the federal minimum. (Minimum Wage Laws in the States – January 1, 2012, United States Department of Labor Wage and Hour Division, Accessed online at <http://www.dol.gov/whd/minwage/america.htm>)

Conclusion: Connecticut needs to create new jobs, not kill them

Piled on top of a \$1.9 billion tax increase and the adoption of a paid sick leave mandate in 2011, further tinkering with the state's minimum wage would be another job-killing measure just as the state economy is starting to rebound.

About the Yankee Institute

The Yankee Institute is a think tank that develops and advocates free-market and private sector solutions to public policy issues to improve lives through freedom and opportunity. Founded in 1984, the Yankee Institute is located at our new office in East Hartford, Connecticut. The Yankee Institute is nonpartisan research and educational organization and is classified by the IRS as a 501 (c) (3) non-profit.

www.yankeeinstitute.org

Telephone: 860-282-0722

Address: 800 Connecticut Blvd, Suite 302
East Hartford, CT 06108