

Chapter 4: Recommendations and Conclusion

In the short-term, lawmakers should seek ways to provide relief to working families to bridge the gap between low-wage paychecks and the growing cost of raising a family. In the long-term, lawmakers should prioritize investments that stimulate growth in higher-wage, higher opportunity industries and that ensure workforce preparedness. We recommend the following:

1. *Restore the state Earned Income Tax Credit (EITC) to 30 percent of the federal level.* The state legislature cut the EITC in 2013 from 30 percent to 25 percent of the federal credit; today, it stands at 27.5 percent. As a result, families⁹ earning an average of \$17,732 per year in 2014 saw a tax increase of nearly \$130.^l The EITC has been linked to increased infant and maternal health, school performance, college enrollment, and future earnings.^k Restoring the credit would boost incomes and help families make ends meet.
2. *Make the minimum wage a living wage.* 16 of the 92 private industries we analyzed (employing 24.5 percent of the state's workforce) pay an average wage of less than \$15 per hour. Raising the minimum wage to \$15 per hour would offer relief to 336,000 workers and help those the state's recovery has left farthest behind. 60 percent of benefitting workers would be women; 31.8 percent of all black workers and 37.5 percent of all Hispanic workers would benefit.¹⁰
3. *Ensure high-quality early childhood education for every child.* Access to high-quality early education removes barriers to work for parents and improve lifelong outcomes for children—better preparing the next generation of workers.^l Yet as child care costs become increasingly prohibitive, the state has reduced the number of families receiving child care subsidies by 12,900 for the coming year due to federal legislation and state fiscal challenges.^m The state must fully fund early care so that all children and families have an opportunity to succeed.
4. *Foster job creation by funding quality K-12 education for all.* Connecticut's broken property tax structure fuels significant disparities in towns' school spending, leaving some communities unable to fully fund high-quality K-12 education systems.ⁿ A highly-educated workforce makes Connecticut more attractive for high-wage employers. By reforming its property tax system to make school funding more equitable, Connecticut can promote economic development by drawing businesses to an educated workforce.
5. *Invest in physical infrastructure.* To attract and retain innovative, well-paying industries, the state's airports, bridges, railways, roads and broadband must match its human capital. Low interest rates provide an inexpensive opportunity to invest in infrastructure projects that encourage commerce, boost productivity, and create good jobs.^o But as a percentage of state GDP, Connecticut spends less on infrastructure than its peers.¹¹ To maintain the competitive advantage of its well-educated workforce, the state should invest in the facilities and transportation systems that help businesses and communities grow.

⁹ Thomas, D., & Defiesta, Nick. (2016). *Restoring State's Earned Income Tax Credit Makes Sense*. Connecticut Voices for Children: <http://www.ctvoices.org/publications/restoring-connecticuts-earned-income-tax-credit-makes-sense>

¹⁰ Thomas, D. (2016a, July 19). Testimony in Support of Increasing Connecticut's Minimum Wage to \$15. Retrieved from <http://www.ctvoices.org/sites/default/files/Minimum%20Wage%20Testimony%20-%20Low-Wage%20Advisory%20Board.pdf>

¹¹ Thomas, D., & Marks, J. (2016). Building Connecticut's Future: <http://www.ctvoices.org/blog/20160318/building-connecticuts-future>