

TESTIMONY OF THE WORKING FAMILIES PARTY SUBMITTED BY AUSTIN SHAFRAN, NYS LEGISLATIVE DIRECTOR

NEW YORK CITY COUNCIL COMMITTEE ON CIVIL SERVICE & LABOR APRIL 30, 2014

Good afternoon Chairman Miller, and members of the Civil Service & Labor Committee. My name is Austin Shafran, and I am the New York State Legislative Director for the Working Families Party. On behalf of the WFP and the RaiseUpNY Coalition, we applaud this Committee for holding today's hearing to address New York's growing income inequality and the plight of low-wage workers who have been most adversely impacted by stagnant wages and the proliferation of low-wage jobs.

New York State has the highest level of income inequality in the nation. Our state is home to nearly 3 million low-wage workers - 37 percent of the state's workforce – and with new job growth disproportionately concentrated in low-wage industries and wages dropping over 8 percent since 2008, the wage gap is expected to grow even worse in the coming years. But unlike many other states that allow its cities and counties to combat wage stagnation with higher local minimum wages, New York does not allow its municipalities to supplement the state minimum wage to meet rising local living costs.

Local wage authorization - empowering cities and counties with the ability to enact higher local wages better suited to regional living costs - is the clearest and most feasible path to raising wages and addressing the severe economic inequality workers in New York are experiencing. Legislation introduced by State Senator Andrea Stewart-Cousins and Assembly member Karim Camara (S.6516/A.9036), called RaiseUpNY, which would amend New York's minimum wage law to clarify that it is does not prohibit localities from raising wages on their own, is arguably one of the highest-impact policies that the legislature could adopt to improve jobs, reduce inequality, and strengthen our local economies.

New York's current \$8 minimum wage which amounts to just \$16,640 annually, and even the \$9 wage set to take effect in 2016, which translates to \$18,720, is not enough for workers in highcost areas to afford basic living costs. The new minimum wage will still leave a family of three below the federal poverty line, and recent numbers compiled by the city's Center for Economic Opportunity, show nearly half of New Yorkers were making less than 150 percent of the poverty threshold, a figure that describes people who are struggling to get by. In fact, if the state's minimum wage had just simply kept pace with inflation over the last 40 years, it would amount to \$11.11 an hour – almost 40 percent more than the current level. Other states are getting it right. As New York leads the nation in inequality, it also unfortunately lags behind the effort other states have made to improve wages by allowing their cities and counties to enact higher local minimum wages. The higher local minimum wage laws in cities like San Francisco, Santa Fe and Washington, D.C. have been the subject of several different studies, and all have found that these laws have boosted wages without any evidence of slowed job growth or business relocations. In addition to improving jobs and strengthening the local economies without hurting business, the enactment of higher local wages has lead to more regular and robust increases in the statewide minimum wage.

Even business groups, including small businesses, are increasingly supportive of the minimum wage because of its positive affect it has on boosting consumer spending and driving up sales and business growth. There also remains a heavy burden on taxpayers to make up for the low-wages workers are being paid. When people are not paid enough to afford the basics like food, rent, and transportation, they end up relying on public assistance, which means that big, profitable corporations like McDonald's are forcing taxpayers to subsidize their low wages, as evidenced by the fact that 60 percent of fast food workers are enrolled in Public Assistance Programs that cost New York State \$708 Million.

A healthy economy depends on businesses that pay their workers enough to get by - whether they live in New York City, rural Upstate, or the suburbs. But that wage doesn't need to be the same in every city, which is why empowering local governments to do know what they know works for their local economy is so important. By giving cities and counties the ability to put more money into the pockets of low wage workers, we can get our economy moving again and help rebuild New York's middle class.

It is for this reason, and many others, that the Working Families Party stands in strong support of the City Council Resolution calling on the State Legislature to amend the state labor law to empower municipalities across New York to set higher local minimum wages that are better aligned with regional living costs.

Local Wage Testimony

Date: April 30, 2014

To: Civil Service and Labor Committee

Fr: Gabriel Gallucci, on behalf of the Local Wage Coalition

Re: Support of Resolution calling on Albany to grant municipalities across New York State control over their own minimum wage standards.

Dear Mr. Chairman, Councilman Daneek Miller, and Members of the Civil Service Labor Committee.

On behalf of the Local Wage Coalition and the thousands of workers we work with and represent, we thank you for the opportunity to address the critical issues taking place in our communities and around the State regarding low wages, and how New York State should allow localities the power to enact a higher local minimum wage.

First and foremost, we gather here to acknowledge the reality that the fastest growing jobs in the United States are also the lowest paying jobs. Workers are paid \$10,000 to \$18,000 a year, which is less than half of what it costs to support a family in our city; in addition, Billion dollar corporate industries paying their workers the bare minimum has left New York with the worst income inequality in the Nation. 3 Million men and woman in New York City who are currently working hard everyday and playing by the rules, are still living on poverty wages.

We have been bringing these issues to light for far too long and are currently falling behind the curve. State legislature in California, Arizona, and Washington State already enacted a short amendment to the state minimum wage law clarifying that it is a floor not a ceiling, and is not intended to limit local power. When this legislature is past on the State level, low wage workers will finally be able to provide basic needs for their families, and our economy will begin to grow and rebuild.

The continued success of campaigns to raise the wage Nationwide from Fast Food, on down to Car wash, and other low-wage jobs provides the platform for a legislative push through (S.6516 Stewart Cousins/ A.9036 Camara) which would allow cities and counties to supplement the state's inadequate \$8/hour minimum wage. Clearly, we are not currently close enough to a wage that covers the basic living costs in rural regions, let alone in our high cost urban communities.

Testimony of Sebastian Sanchez before the New York City Council Civil Service and Labor Committee Concerning a Resolution to Support RaiseUpNY (S6516/A9036) that would Empower New York City to Set its Own Minimum Wage April 30, 2014 New York City, New York

My name is Sebastian Sanchez. I am an employment attorney at Make the Road New York (MRNY).¹ MRNY is a multi-service organization that builds the power of Latino and working class communities to achieve dignity and justice through litigation, legal and survival services, coupled with policy innovation, transformative education, and community organizing. We operate storefront community centers in the high density immigrant neighborhoods of Bushwick, Brooklyn; Jackson Heights, Queens; Port Richmond, Staten Island; and Brentwood, Long Island. Our members are predominantly immigrant working-class New Yorkers. For our members who do not have to confront wage theft, the paychecks they receive from their employment are often not enough to support their families or put money back into the economy. Our members work in low-paying industries like the retail and restaurant industries where salaries are barely above the minimum wage and rarely allow for self-sufficiency. Like the great majority of New Yorkers, our membership overwhelmingly supports raising wages in New York and New York City.²

Income inequality plagues our state. In 2012, the Census Bureau found that New York State had the highest level of income inequality in the nation.³ That study found that our state is one of five that have the distinction of having income inequality at a higher rate than the national average.⁴ This is not an area where New York should be a leader. Approximately 37% of our State's residents were paid low-wages, which is defined as earning less than \$15 an hour. ⁵ This translates to a yearly income of \$31,200 or barely over 200% of the federal poverty level. Nearly two-thirds of all low-wage workers in New York, or approximately 2 million New Yorkers, are paid less than \$12 an hour. In Brooklyn and the Bronx, low wage earners represent approximately 41% and 52%, respectively, of all wage earners in the

í

¹ My curriculum vitae is attached as Exhibit A.

² Quinnipiac University Poll Press Release, Equal Pay for Women Has Most Support in New York, Quinnipiac Poll Finds, Voters Back Minimum Wage 5-1, Split on Gas Drilling (January 31, 2013), available at http://www.quinnipiac.edu/images/polling/ny/ny01312013.pdf/

³ Catherine Rampell, "New York State leads in Income Inequality," N.Y. Times (September 20, 2012), available at <u>http://economix.blogs.nytimes.com/2012/09/20/new-york-state-leads-in-income-inequality/? php=true& type=blogs& r=0.</u>

⁴ Amanda Noss, "Household Incomes for States: 2010 and 2011," United States Census Bureau (September 2012), available at <u>http://www.census.gov/prod/2012pubs/acsbr11-02.pdf</u>.

⁵ EPI analysis of Current Population Survey, Outgoing Rotation group public use microdata, 2013.

boroughs.⁶ Although this income inequality impacts all New Yorkers, women and people of color are at a particular disadvantage. 40% of women earn less than \$15 an hour,⁷ and nearly half of all black and Hispanic workers are low-wage workers.⁸ Even a college degree does not offer protection from this problem, as nearly 28% of workers with at least some college education earn less than \$15 an hour.

Unfortunately, since the Great Recession ended, job growth in New York has remained disproportionately concentrated in low-wage industries such as retail and food services according to an anaylysis by the Fiscal Policy Institute (FPI).⁹ According to the FPI, between the recession and summer of 2013, New York had experienced a net loss of 131,000 middle-wage jobs, and a net loss of 51,000 high-wage jobs, but a net gain of 282,600 low-wage jobs.¹⁰ These new jobs are found in low wage employers like restaurants, home health care service agencies, and retail stores. The median wages in many of these low-wage occupations are around or less than \$10 an hour, including a median wage of \$10.80 for retail salespersons, \$9.69 for home-health aides, \$9.19 for waiters and waitresses, and \$8.80 for fast food workers.¹¹ Making matters worse, workers' wages in these sectors have declined in real terms. For the typical New York worker, median wages have dropped by almost 7% for men and 1% for women in the last decade.¹² New Yorkers find themselves forced to accept these low-wage jobs because they are the only positions available in our current economy.

Although New York's hourly minimum wage was raised to \$8 this year, and will be \$9 by 2016, it is still not nearly enough to meet basic living costs, especially in high-cost areas of the state like New York City. A \$9 an hour wage translates to just \$18,720 a year for a full-time worker; this wage would leave a family of three well below the federal poverty line, which is itself an inadequate measure of what it truly costs to support a family.¹³ It is estimated that for a family of four with two adult full-time earners in New York City an annual income of \$68,873 to \$70,507 is necessary to be self-sufficient. Further, New York's minimum wage is significantly below what other states and localities have recently passed or are pushing to enact. California recently raised its minimum wage to \$10 an hour by 2015 and is now pushing to raise it to \$13. The Governors of Maryland and Connecticut have called for raising their states' minimum wage above \$10 and states like Illinois, Massachusetts, Minnesota and Hawaii are pushing

⁶ Fiscal Policy Institute, The State of Working New York 2013: Workers are Paying a High Price for Persistent Unemployment (August 2013) at 11, available at http://fiscalpolicy.org/wp-content/uploads/2013/08/SWNY-2013.pdf.

⁷ Id.

⁸ Id.

 ⁹ Fiscal Policy Institute, New York State Economic and Fiscal Outlook 2014-2015 at 86 (February 2014), p. 92, available at http://fiscalpolicy.org/wp-content/uploads/2014/02/FPI-Budget-Briefing-Book-2014-2015.pdf.
 ¹⁰ Fiscal Policy Institute, The State of Working New York 2013.

¹¹ New York State Department of Labor, Occupational Employmetn Statistics Survey, First Quarter, 2013.

¹² See Fiscal Policy Institute, The State of Working New York 2013, at 11.

¹³ See Fiscal Policy Institute, New York State Economic and Fiscal Outlook 2014-2015 at 92.

similar increases. Some cities have been able to raise their minimum wage rates. San Francisco's is currently at \$10.74. Santa Fe has set its minimum wage at \$10.51. Washington D.C. will raise its minimum wage to \$11.50 by 2017.

It is time for New York to join these states and allow localities to enact higher local minimum wages. Study after study has found that these laws have boosted wages without any evidence of slowed job growth or business relocations.¹⁴ This is because the substantial majority of the low-wage positions affected are in fields such as restaurants, retail, and building services that are linked to their city locations, and so cannot practically be moved by their employers to other locations outside of the city. In San Francisco, a study found that employers absorbed the higher wage costs through a combination of reduced employee turnover, with corresponding savings in re-staffing and retraining costs, and improved customer service and worker productivity.¹⁵ Similarly, research at the national level also finds that minimum wage increases have little or no significant impact on the employment of minimum-wage workers, even during times of weakness in the labor market.¹⁶ The New York City Council should join in the voice calling for an amendment to the Minimum Wage Act of New York to clarify that the state law is a floor, not a ceiling, and that the Act was not intended to block localities from supplementing it with higher local minimum wages. Make the Road's members overwhelmingly and enthusiastically support this push for legislative change.

¹⁴ See e.g. John Schmitt and David Rosnick, The Wage and Employment of Minimum Wage Laws in Three Cities, Center for Economic and Policy Research (March 2011), available at

http://www.cepr.net/documents/publications/min-wage-2011-03.pdf; and Michael Reich, Ken Jacobs and Mirand Dietz (eds.), When Mandates Work: Raising Labor Standards at the Local Level, University of California Press(2014), available at http://irle.berkeley.edu/publications/when-mandates-work/.

¹⁵ See When Mandates Work: Raising Labor Standards at the Local Level.

¹⁶ Economic Policy Institute, "Over 600 Economists Sign Letter in Support of \$10.10 Minimum Wage," available at http://www.epi.org/minimum-wage-statement/

Exhibit A

,

.

SEBASTIÁN SÁNCHEZ

221 East 106th Street, Apt. 10E, New York, NY 10029 • (201) 647-4584 • ss2034@gmail.com

EDUCATION:

Seton Hall U	Jniversity School of Law, Newark, NJ, J.D. awarded May 2012
Honors:	2010 – 2012 Center for Social Justice Scholar, Urban Revitalization Project
	2010 Charles H. Revson Law Student Public Interest Fellowship
	2010 Summer Corps Member – Equal Justice Works
Journal:	Sports and Entertainment Law Journal, Volume 21
	Articles Editor, Volume 22
Activities:	Know Your Rights Project, Founder and Legal Curriculum Coordinator (2010-2012)
	Latin American Law Students Association, Vice-President (2010-11), President (2011-2012)

Columbia University, Columbia College, New York, NY Bachelor of Arts in American Studies, awarded January 2006

WORK EXPERIENCE:

Make the Road NY, Jackson Heights, NY Staff Attorney, September 2013 to Present

• Litigate wage and hour and unemployment cases in federal court and administrative proceedings. Negotiate wage and hour claims with employers. Counsel immigrant workers on a range of employment-related matters, including minimum wage and overtime, discrimination, unemployment insurance, and workers' compensation. Prepare and present community education materials on workplace rights for low-wage and immigrant workers.

Berkeley Law Foundation Fellow, August 2012 to August 2013

• Provided litigation support in wage and hour cases before federal court for carwash workers. Prepared responses to discovery requests. Prepared cases for settlement conferences. Represented workers in small claims court and administrative proceedings. Advised carwash and other workers on employment-related matters. Developed and presented know-your-rights materials specific to carwash workers.

Legal Advocate, January 2012 to May 2012

• Performed intakes and managed cases on wage claims for immigrant workers. Prepared and submitted claims to the NY Department of Labor. Drafted demand letters and negotiated with employers for unpaid wages. Drafted and filed mechanics' liens.

Center for Social Justice, Seton Hall University School of Law, Newark, NJ

Clinical Student, Civil Litigation Clinic, Spring 2012

• Researched and drafted memoranda in preparation for brief to be filed in appeal before the Appellate Division of the Superior Court of New Jersey appealing the State Department of Education's decision to not return local control to the Newark School District.

Clinical Student, Civil Rights & Constitutional Litigation Clinic, Fall 2011

• Drafted discovery requests and drafted statement submitted to Magistrate Judge in preparation for settlement conference in suit filed against U.S. Immigrations and Customs Enforcement before the U.S. District Court of New Jersey. Prepared presentation on discovery strategy for a Civil Rights Course.

Volunteer, Urban Revitalization Project, Spring 2011

• Developed, drafted, and tested survey on civil legal needs in Newark for the Center for Collaborative Change. Researched education needs of low-income communities in preparation for Amici Brief to be submitted in support of claim filed against the State of New Jersey. Drafted opinion editorial from Amici Brief.

Extern, Urban Revitalization Project, Fall 2010

• Developed and presented know-your-rights training for various Newark community groups on tenants' rights generally and when facing foreclosure. Interviewed affiants and drafted affidavits in support of clemency petition to the office of the Governor.

Urban Justice Center, Community Development Project, New York, NY

Summer Intern, June 2011 to August 2011

• Researched and drafted memoranda of law, response pleadings, demand letters on issues related to employment and housing law, and 501(c)(3) tax-exempt status applications. Reviewed and prepared documents acquired in discovery in preparation for depositions for claim filed under anti-SLAPP statutes in NY.

Make the Road New York, Queens, NY

Summer Intern, June 2010 to August 2010

• Performed intakes and case management on wage claims for immigrant workers. Researched and drafted memos on surveillance in the workplace and public notary law. Researched and drafted advocate guide on filing and foreclosing on mechanics' liens. Drafted complaint for wage and hour claim to be filed in federal court.

New York Legal Assistance Group - Immigrant Protection Unit, New York, NY

Paralegal, Grant Manager July 2007 to August 2009

- Certified as Board of Immigration Appeals Accredited Representative. Interviewed clients, prepared and filed affirmative immigration applications, and represented clients at naturalization interviews.
- Assisted executive director with contacting, meeting, and applying to New York government officials regarding public funding. Responsible for quarterly reports on services provided to immigrants.

Interpreter, New York, NY

Freelance, 2008 to 2012

• Translated documents and provided consecutive and simultaneous interpretation from English to Spanish, and Spanish to English, at meetings, press conferences, interviews, and other events for non-profit community groups such as Domestic Workers United, NYC Coalition for Educational Justice, and New Settlement Apartments Parent Action Committee.

LANGUAGES:

Native Fluency in Spanish.

PUBLICATIONS:

Calling all Carwasheros, NEW LABOR FORUM, Volume 23(I), at 85-87 (2014).

PANELS:

Panelist on 'Coming to America': U.S. Immigration Law and the Elusive Comprehensive Immigration Reform (CIR), Seton Hall Law, Newark, New Jersey (October 2013).

Community Service | Fighting Poverty Strengthening New York

Testimony by

Apurva Mehrotra, Policy Analyst Community Service Society of New York

Before the New York City Council Committee on Civil Service and Labor

April 30, 2014 Hearing on

A Resolution calling upon New York State Legislature to pass and the Governor to sign A.9036/S.6516, authorizing local governments to establish and enforce higher levels of minimum wage

Thank you for the opportunity to testify today on the issue of local authority to establish a higher minimum wage. My name is Apurva Mehrotra and I am a Policy Analyst at the Community Service Society of New York, a 170 year-old organization that works to advance upward mobility for low-income New Yorkers.

Unfortunately, the State of New York is well behind the curve when it comes to providing meaningful increases to the minimum wage. In localities across the country – from states such as California, to cities such as Santa Fe, to Montgomery and Prince Georges County in Maryland – legislators are passing increases to the minimum wage that, quite simply, put New York to shame. The deal reached last year by State legislators to increase the minimum wage to \$9.00 an hour by 2016, with no indexing for inflation, was far too timid, and not nearly enough to ease the burden of low-wage workers struggling to make ends meet.

The issue of fair labor standards including a decent minimum wage is always important, but is particularly relevant today given the recent Great Recession and the sluggish recovery that has followed. It is a recovery that has barely been felt by most Americans. According to recent research from Emmanuel Saez at the University of California-Berkeley, the top 1 percent of income earners captured 95 percent of income gains from 2009-2012.

For those outside the top income brackets, the recovery from the recession has taken on the form of significant growth in low-wage jobs that do not pay nearly enough to sustain a family. Several organizations and media outlets have highlighted the disproportionate growth of low-wage jobs since the end of the recession. A recent CSS study found that from the beginning of

the recession in December 2007 to March 2013, there was a net loss of nearly 34,000 middle and high wage jobs, and a net growth of nearly 102,000 low wage jobs in New York City.

The inability of New Yorkers to find jobs that pay decent wages has real impacts on their lives. Those who work full-time at the minimum wage – even those who earn a bit higher – do not earn enough to keep a family of three out of poverty. The Community Service Society's annual Unheard Third survey of low-income New Yorkers tracks the hardships faced by the city's working poor. Among working New Yorkers who are below the poverty level, nearly two-thirds reported experiencing three or more hardships, and 40 percent reported experiencing five or more hardships. Over one-third reported falling behind in their rent or mortgage and nearly onequarter often skipped meals because there wasn't enough money to buy food. Our survey also found that these New Yorkers are consistently on the brink of financial disaster, with little or no savings to fall back on. Fifty-six percent of the working poor in our survey reported less than \$500 dollars in savings.

New York City's working poor are particularly vulnerable because of the city's high cost of living. For residents of New York City, the recent increase in the minimum wage does little to mitigate the rising costs of housing, food, transportation and other necessities. A 2012 report from CSS found that after rent, poor renters in the private, unassisted rental market were left with an average of just \$4.40 per household member per day for food and all other necessities.

It is also worth noting that low-wage workers in New York City are different from the rest of the nation and State in other ways. In the debate over the minimum wage, one often hears that most of the workers who would be impacted by an increase are young workers. This may be true nationally and across the State, but it is a far different picture in New York City. According to analysis conducted by CSS, while 55 percent of minimum wage workers in the State outside New York City are between the ages of 16 and 24, that number is only 26 percent in New York City. Over forty percent of minimum wage workers in New York City in 2013 were over 35 years old. In the rest of the State, only 35 percent of minimum wage workers are the head of their household or a spouse; that number jumps to 50 percent in New York City. In New York City, most minimum wage workers are not young students earning a little extra pocket money; they are men and women with families to support, and little income to get by on.

Opponents of minimum wage increases, including here in New York, often warn of the potential adverse impact on employment. This same tired trope is pulled out time and time again, any time meaningful legislation to improve the working conditions and lives of low-wage workers is proposed. And time and time again, once progress is made – after far too much struggle – the fears of opponents are not realized. Several studies on the impact of minimum wage increases have shown no adverse impacts on employment. This includes research conducted by economist Arin Dube and colleagues, who looked at the employment levels of bordering counties that were across state lines with different minimum wage policies. His study found that while earnings for

workers in states with minimum wage increases went up, employment was unchanged, and employee turnover went down.

.

A CSS analysis of employment in two traditionally low wage industries – accommodation and food services and retail trade – found that in the year after San Francisco increased its minimum wage above federal and State levels, from \$6.75 an hour to \$8.50 an hour in 2004, the number of employees in those industries increased relative to eight surrounding Bay Area counties that were not subject to the minimum wage hike. That trend has continued through 2012 which is the last year the data is available.

At CSS, we applaud the new mayor and the Council's efforts to obtain local authority over setting a higher minimum wage for New York City. It is clear that New York City is in a unique position given its high cost of living and the demographics of its low-wage work force. Local authority over the minimum wage will allow the city's residents and legislators to do what is in the best interest of our city without adversely impacting businesses or workers. In fact, putting extra money in the hands of those who will spend it will give the local economy a much needed boost, and make New York City a better, fairer place to live.



TESTIMONY BEFORE THE COMMITTEE ON CIVIL SERVICE AND LABOR

WEDNESDAY, APRIL 30, 2014

DANIEL POWERS JR SMALL BUSINESS OWNER, REAL BRAVE AUDIO DIRECTOR, AFTER SCHOOL ROCKS

Good afternoon. My name is Daniel Powers. I am a musician and for the past 9 years I have owned and managed Real Brave Audio, a music school and small business located out in Fresh Meadows, Queens. I am also the founder and director of After School Rocks, a soon-to-be-official 501c3 foundation. The basic premise behind Real Brave and After School Rocks is simple and something we can all get behind: give kids access to music education. I've worked in schools and in my community to get affordable music instruction to kids and, perhaps more importantly, develop great paying jobs for musicians and help them build careers. I am of the opinion that there is nothing small about small business. Everything you think, do, buy or invest in is big. Every employee you hire is a big deal. Every regulation or fine – no matter how small – is a game changer.

As a member of *GoBizNYC*, a network of small business groups representing over 25,000 small businesses across the five boroughs, I agree with their mission to strengthen the voice of small, immigrant, and minority-owned businesses and to create an environment where small businesses can flourish, create more jobs and build our city's neighborhood economies. That is why I am here today.

I am taking time away from my business to be here because I believe it is important for the council to hear how actions like the one proposed may negatively impact small business owners like myself.

Many small business owners and start-up entrepreneurs, including me, are normal, everyday people. We are your neighbors and your corner deli. It is becoming increasingly difficult to rent, insure, build, buy and exist in the five boroughs. What everyday person has the capital to pay such high rent for a brick-and-mortar location? The common perception is that risk is what you sign up for as a business owner. But let's not make it more impossible to succeed than it already is. Efforts to improve the livelihoods of employees are admirable, but they shouldn't be undertaken at the expense of small businesses. Most small business owners have small margins and our backs are already increasingly burdened. I could easily stand before you today and continue to point out how difficult it is to run a business. But that really isn't my goal today. I want you to know that there is more you can do to make an impact on the lives of the good people of New York.

Please understand — I worked my way from the bottom to get to where I am today. I worked many minimum wage jobs – from paper routes and retail to being a porter and working in sales – before I worked at better paying jobs. I, like many others in this city, had the will to succeed and come from humble roots. So I get the need for a good wage. I understand the spirit of what you aim to do. I am not sitting here before you today as someone who is exasperated by the idea of paying people above minimum wage, but I am worried about the precedent you are setting for our future economic success, our kids' ability to find a job and our city's growth. Given that New York State has already approved minimum wage increases, I urge you to focus your energies elsewhere.

By trying to force a few bad apples who avoid doing the right thing for their employees, you end up unintentionally hurting the many small businesses that already provide a fair wage for fair work. Raising the minimum wage doesn't address the deeper problem at hand for the city, which is widespread underemployment, defined as people working part time but want to work full time or in a job they are overqualified for. According to the Bureau of Labor Statistics, the underemployment rate in New York City was 14.2% at the end of the third quarter of 2013. We are now fighting for a minimum wage hike so that current college graduates burdened with mortgage-size debts and underemployment can continue that cycle. So I ask you: do we accept this as the status quo or do we fight for better jobs? Do we want what the *Wall Street Journal* is calling the "well-educated barista economy"?

The new economy to me is about better jobs — which leads to better wages. Instead of raising the minimum wage, we need to focus on lifting this city by investing in a pathway to better jobs. We need to create and invest in programs that properly develop our workforce for jobs in the new economy. We need to foster greater coordination between the private sector and our education system to ensure that the skills learned in school translate to the real world.

I urge the Council to instead focus on enabling emerging and successful businesses to grow and ensuring that our workers have a better chance at success in this new economy.

I believe that we can work together to be career developers and not minimum wage promoters. I and the rest of the small business community would stand ready to support you in such efforts if you would invite us on that journey.



NYS Should Authorize Local Authority to Establish and Enforce Higher Minimum Wage Levels

Testimony Presented to the New York City Council Civil Service and Labor Committee

By James A. Parrott, Ph.D., Deputy Director and Chief Economist April 30, 2014

New York City's pronounced income polarization is fundamentally rooted in the job market. Economic and labor market changes have severely limited the availability of good jobs that provide reasonable pay, leave policies, and health and retirement benefits. These changes undermine the living standards and well-being for hundreds of thousands of New Yorkers. They are not dictated by technology, markets, competition or globalization. Rather, they are shaped by those forces but fundamentally, these adverse economic and labor market changes are determined by public and private policy choices.

New York City and New York State have considerable latitude in acting to redress this situation. There is no silver bullet solution to reverse the past three decades of intensifying income and wage disparities, but raising the minimum wage locally and adjusting it to keep pace with inflation represents an important step. There are many sound public policy reasons for the State of New York to grant cities and counties the authority to set a higher minimum wage than the state wage floor.

In a report released this past February, and attached to this testimony, the Fiscal Policy Institute and the National Employment Law Project addressed many of these policy reasons.¹ I will review some of those arguments here as well as update you are several pertinent developments and add new data on the characteristics of New York City's low-wage workers and on the wide dispersion of wage levels and locally-set wage requirements across New York State.

To start with, let's keep in mind the characteristics of New York City's low-wage workforce. See attached Table 1. We use \$15 an hour as a cut-off for "low-wages" in New York City. That's roughly the amount that two full-time workers need to earn to come close to affording a bare-bones family budget in moderate income neighborhoods in the five boroughs. On a full-time basis, 40 hours a week, 52 weeks a year, \$15 an hour translates into an annual income of \$31,200. For a two-earner family, that means family earnings of \$62,400. That is close to the amount it takes to afford what is known as the Self Sufficiency Standard budget for a 4-person family with two young

¹ See National Employment Law Project and Fiscal Policy Institute, *Why New York State Should Let Cities and Counties Enact Higher Local Minimum Wages*, February 2014. <u>http://fiscalpolicy.org/wp-content/uploads/2014/02/Why-New-York-State-Should-Let-Cities-and-Counties-Enact-Higher-Local-Minimum-Wages.pdf</u>

1

children.2

Table 1 shows there are 1.25 million New York City residents making less than \$15 an hour. That's 37 percent of all workers residing in the city.

- In the Bronx, 52 percent of resident workers are low-wage by this standard, and 41 percent of Brooklyn residents receive low wages;
- Women are more likely than men to paid low-wages, 39 percent of all women are low-wage compared to 36 percent of men;
- Teenagers make up a tiny fraction (3%) of all low-wage workers, mainly because in today's job market, so few teenagers have jobs in the first place;
- Workers of color are much more likely to be paid low wages than white, non-Hispanic workers—workers of color make up 63 percent of the resident workforce but account for 78 percent of all low-wage workers;
- Low-wage workers are largely full-time workers (77 percent of the total) or mid-time workers who working 20-34 hours per week (18 percent of the total);
- Finally, more than half of all workers in retail and leisure and hospitality are low-wage workers, but the largest sector employing low-wage workers in New York City is the non-profit sector encompassing education, health and social services—one in every four low-wage workers are employed in this sector.

Action to establish a minimum wage in New York City above the current state \$8 an hour minimum will affect workers with demographic characteristics similar to those summarized above.

Because the minimum wage has not kept pace with inflation or with the growth in the productivity of the overall economy, its purchasing power has been greatly diminished. Even at \$8.00 an hour in New York, 75 cents higher than the current federal minimum wage, the purchasing power of the minimum wage in New York is 30 percent less than what it was at its peak in 1968 when the minimum wage was \$1.60. In today's dollars \$1.60 in 1968 is worth \$11.50 an hour. That's where we should be, at the least, given our history.

This situation will not improve very much even when New York State's minimum rises to \$9.00 an hour as it is scheduled to do by the beginning of 2016—in the interim, it will rise to \$8.75 by the start of 2015. When it rises to \$9.00 an hour, its purchasing power will still be about 25 percent below its 1968 peak level.

And of course, the city's economy is much larger in real terms than it was 36 years ago so it should be much higher than that. Estimates are that if the minimum wage had kept pace with the growth in productivity in the economy, it would be approximately \$18 today, not \$8.

There has been a flurry of activity in recent months around the country to raise minimum wage levels. Just since the first of the year, six states (CT, MD, MN, DE, WV and HI) have raised their minimums, bringing to 26 the number of states with a higher minimum wage than the federal level. Four states (CA, MD, HI and CT) and the District of Columbia are on the verge of having a minimum wage of \$10 an hour or greater. As a result of the fact that they index their minimums to

² Diana M. Pearce, *The Self-Sufficiency Standard for New York City 2010*, Prepared for the Women's Center for Education and Career Advancement, June 2010. Family budgets are being updated for 2014 costs and will be released in June 2014. <u>http://www.wceca.org/publications/NYC_SSS_2010_WEB_062310_v2.pdf</u>

inflation, both Washington State and Oregon will pass \$10 an hour within a few years. Both houses in the Massachusetts legislature have passed bills to raise the minimum wage to at least \$10.50; they're in the process of reconciling the separate bills.

The District of Columbia, a city a fraction the size of New York City, will raise its minimum wage to \$11.50 an hour in mid-2016, a little more than two years from now. Other localities are also starting to act. Two Maryland counties bordering the District of Columbia, Montgomery and Price William Counties, are following the District's lead and raising their wage floor in stages to \$11.50.

Action is picking up at the local level in many cities around the country. Voters in Sea-Tac, Washington, home to the Seattle Airport, approved a \$15 an hour minimum wage last fall. The cities of Seattle and San Francisco are considering \$15 an hour, the City Council in San Diego is debating a minimum of over \$13, Oakland is considering \$12.25 an hour, and the mayor of Portland, Maine is talking about a minimum wage greater than the state's current wage.

There are several reasons why New York State should allow cities and counties to determine whether or not they should establish a minimum wage above the statewide level. Among these are: 1—wide disparities exist across counties within New York in terms of the local cost of living; 2—there is a similar wide disparity in median wage levels; and

3—many local governments in New York have established local living wage laws, usually applied to companies and organizations providing services under local government contract, and there is considerable variation in these existing living wage levels.

On the first point: as FPI and NELP showed in our February report, using the Self Sufficiency Standard for a 4-person family with two earners, one preschooler and one school-age child, the cost of living ranges from \$48,000 to \$55,000 in many large upstate counties, but \$64,000 to \$86,000 in New York City and the downstate suburban counties. That's a difference of from one-third to more than one-half greater downstate than upstate.³

On the second point: median annual earnings for full-time, year-round workers also vary widely across the state. As the data in Table 2 indicates, in New York City and the downstate suburban counties, median earnings range from \$40,000 to \$50,000. In the larger upstate counties—Erie, Monroe and Onondaga—median earnings are in the low-\$30,000 range. In 30 smaller upstate counties, median earnings are between \$21,100 and \$30,000. This considerable earnings variation suggests that it may not make sense to have a "one-size-fits-all" state minimum wage.

Finally, local governments in New York currently have the authority to establish their own living wage ordinances, with the flexibility to determine the coverage and the wage levels. In the handful of major localities that have established living wage ordinances (see the table below), there is considerable variation, ranging from \$10.00 (New York City's living wage level that has existed since 2000) to \$13.35 an hour in Nassau County. That makes Nassau County's level a little more than a third greater than New York City's. The five jurisdictions included in the table below all specify a higher living wage level if health benefits are not provided.

I might add another reason why New York City, in particular, should have the authority to set a

³ See Table 3, "Self-Sufficiency Family budgets for the Largest New York Counties," in National Employment Law Project and Fiscal Policy Institute, *Why New York State Should Let Cities and Counties Enact Higher Local Minimum Wages*, February 2014. This comparison excludes lower Manhattan where self-sufficiency budget for this family type would be \$93,000.

higher minimum wage—the size of the city's economy is greater than that of 45 states.

	Hourly living wage, with health benefits	Hourly living wage, without health benefits
Nassau County	\$13.35	\$15.21
Suffolk County	\$11.74	\$13.37
City of Syracuse	\$12.43	\$14.68
City of Rochester	\$11.30	\$12.62
City of New York	\$10.00	\$11.50

Selected Local Living Wage Ordinances, New York State, 2014

As noted in our February joint report with NELP, on balance, the considerable research regarding the economic effects of minimum wage standards finds that minimum wage laws generally do not have adverse effects, and that they have positive effects in raising living standards for low-wage workers and benefits to employers in reducing turnover and improving overall productivity.

Management experts who study wages and productivity in low-wage sectors like retail find that higher pay is directly associated with higher productivity, and that businesses that pay higher wages than their competitors often pursue other practices that result in better performance by workers and better bottom-line results for businesses.

M.I.T. management professor Zeynep Ton analyzed employment practices at several retail chains and found that the stores that perform the best, pay higher wages, provide better benefits, invest more in training their workers, have more advancement opportunities, and allow their employees more convenient schedules. Ton concluded that the most successful retailers tend to "view labor not as a cost to be minimized but as a driver of sales and profits."⁴

A study by the Center for Economic Policy Research analyzed the effects of city minimum wage laws in San Francisco, Santa Fe and Washington, D.C. and found that such laws raised the earnings of low-wage workers and did not have a discernible adverse impact on low-wage businesses.⁵

I would like to close by noting that a recent poll of small business owners found that 74 percent of small business owners in New York State support raising the minimum wage and indexing it to rise with the cost of living. The poll, conducted by the Small Business Majority, also found that two-thirds of small business owners believe local economies should be allowed to set and increase their own minimum wage "to supplement an increase in the state's minimum wage in order to ensure it makes sense for local economies."⁶

Thank you for the opportunity to testify today.

 ⁴ Zeynep Ton, "Why 'Good Jobs' Are Good for Retailers," <u>Harvard Business Review</u>, January-February, 2012, pp. 6-7.
 ⁵ John Schmitt, Why Does the Minimum Wage Have No Discernible Impact on Employment? (February 2013),

Center for Economic and Policy Research, available at <u>http://www.cepr.net/documents/publications/min-wage-2013-02.pdf</u>.

⁶ Small Business Majority, "Opinion Poll, New York Small Businesses Support Higher Minimum Wages for Cities and Counties," April 21, 2014. The poll was conducted from Feb. 18-25, 2014, by Greenberg Quinlan Rosner Research for Small Business Majority. <u>http://www.smallbusinessmajority.org/news-and-events/press-room-view.php?id=364</u>

Table 1

Workers paid under \$15 an hour in 2013, New York City

Category	Estimated Wage-earning Workforce *	Workers paid less than \$15 an hour	% of those paid < \$15 an hour	% in category directly affected
Total	3,348,900	1,250,200	100%	37%
Bronx	444,300	229,700	18%	52%
Kings	945,100	384,300	31%	41%
Manhattan	796,600	219,800	18%	28%
Queens	957,300	357,700	29%	37%
Richmond	205,300	58,600	5%	29%
Gender				
Female	1,624,900	638,100	51%	39%
Male	1,724,000	612,100	49%	36%
Age				
Less than 20 years of age	45,500	39,300	3%	86%
20 years and over	3,303,400	1,210,900	97%	37%
Race				
White non-Hispanic	1,217,200	273,300	22%	22%
Black	730,700	352,200	28%	48%
Hispanic	893,900	454,100	36%	51%
Asian technical and the second statement of the second	507,100	170,600	14%	34%
Industry				
Retail	336,200	194,100	16%	58%
Leisure and Hospitality	344,300	176,900	14%	51%
Education, Health and Social Services	880,000	317,500	25%	36%
All other industries	1,788,400	561,700	45%	31%
Work hours				
Less than 20 hours	112,600	71,200	6%	63%
20-34 hours	354,900	221,000	18%	62%
35 hours or more per week	2,881,500	958,000	77%	33%
Education				
High school or less	1,163,300	674,000	54%	58%
Some college or more	2,185,600	576,200	46%	26%

"你把你们就是你们的你们。"

Source: EPI analysis of Current Population Survey, 2013; borough estimates by Fiscal Policy Institute.

* The number of workers in the wage-earning workforce, by residence, is estimated from the CPS respondents who were 16 years old or older, employed, but not self-employed, and for whom either a valid hourly wage is reported or one can be imputed from weekly earnings and average weekly hours. Consequently, this estmate understates the size of the full workforce.

Table 2

Median Earnings, New York Counties, 2008 - 2012

	Median earnings		Median earnings
county	(2012 dollars)		(2012 dollars)
New York	49,689	Wyoming	29,024
Putnam	4 5,880	Niagara	r 28,927
Nassau	44,228	Montgomery	° 28,689
Westchester	r 43,172	Sullivan	° 28,593
Richmond	r 42,813	Madison	r 28,414
Suffolk	40,877	Seneca	28,277
Rockland	4 0,035	Chemung	۶ 28,054
Saratoga	7 37,664	Clinton	2 7,879
Orange	r 35,420	Fulton	r 27,773
Dutchess	r 34,562	Herkimer	2 7,599
Albany	r 33,828	Jefferson	27,461
Rensselaer	r 32,495	Essex	r 27,459
Queens	* 32,330	Lewis	7 27,310
Kings	r 31,962	Schoharie	27,199
Schenectady	7 31,945	Washington	r 27,039
Onondaga	7 31,808	Orleans	26,960
Columbia	″ 31,275	Franklin	26,830
Ulster	7 31,120	Chenango	7 26,779
Monroe	7 30,813	Livingston	7 26,603
Ontario	30,745	Oswego	″ 25,895
Erie	7 30,486	Bronx	2 5,797
Warren	° 30,223	Broome	′ 25,705
Cayuga	r 29,995	Yates	r 25,659
Wayne	^r 29,860	Cortland	r 25,321
Schuyler	r 29,780	Cattaraugus	24,616
Hamilton	r 29,675	Chautauqua	^ 24,558
Steuben	r 29,666	Delaware	r 23,566
Tioga	° 29,637	Tompkins	7 23,318
Oneida	r 29,417	St. Lawrence	r 21,735
Greene	29,204	Otsego	21,219
Genesee	29,070	Allegany	° 21,141

Source: Am. Fact Finder (5 year sample), table S2001: EARNINGS IN THE PAST 12 MONTHS



Why New York State Should Let Cities and Counties Enact Higher Local Minimum Wages

National Employment Law Project and Fiscal Policy Institute February 2014

Executive Summary

hile New York's economy is gradually recovering, far too many workers still earn very low wages. Pay for the typical New Yorker has not kept up with inflation, and the majority of new jobs being created in New York and nationally are in low-paying fields. As communities in New York struggle with these serious economic challenges, other states have empowered localities to respond by adopting higher local minimum wages. From California to Maryland, growing numbers of cities and counties are enacting higher local minimum wages to fight poverty locally. They have found that these policies have improved jobs and local economies, without hurting business growth.

After Washington, D.C. and two suburban Maryland counties raised their minimum wage to \$11.50 and voters in suburban SeaTac, Washington approved a \$15 local wage late last year, leaders in cities like Seattle, Chicago, San Francisco, Oakland and San Diego are now proposing city wages as high as \$15. Mayor Bill de Blasio is at the forefront of this movement, calling in his first State of the City Address for a higher minimum wage that better matches New York City's high cost of living.

New Yorkers overwhelmingly support raising wages¹ — and with good reason: the state has the highest level of income inequality in the nation, with millions of low-wage workers now calling New York home.² But unlike other states, New York State law does not currently allow localities to enact higher minimum wages. In order to allow cities and counties in New York to supplement the state minimum wage with higher local minimum wages, the legislature should do as other states have done and amend the state's minimum wage law to clarify that it is a floor, not a ceiling, and is not intended to limit local authority to respond to local conditions.

This report provides an overview of the positive experiences in other states with higher local minimum wages and makes the case for empowering cities and counties in New York to do the same. The report also presents data on the needs of low-wage workers in New York and the potential broad benefits of allowing higher city minimum wages. With millions of New Yorkers earning low wages, allowing cities and counties to raise the wage floor above New York's current minimum wage would have a significant and positive impact on low-wage workers, their families, and local communities.

I. The Problem

Far Too Many New Yorkers Earn Low Wages

A. More Than 3 Million New Yorkers Struggle in Low Paid Jobs

In 2013, over 3 million New York workers were paid low-wages – defined as an hourly wage of \$15 per hour or less, which translates into a yearly income of \$31,200. These 3 million low-wage workers represented 37 percent of New York State's total wage-earning workforce. The table below shows the demographic characteristics of these low-wage workers. For example, women account for 53 percent of all low-wage workers, and 40 percent of all women wage-earners receive low-wages, compared to 34 percent of all male wage-earners.

The overwhelming majority of low-wage workers (94 percent) are ages 20 and over. More than half (53 percent) of low-wage earners are white, non-Hispanic, but nearly half of all black (48 percent) and Hispanic (49 percent) workers are low-wage. By a large margin (90 percent), low-wage workers work 20-34 hours a week (22 percent) or 35+ hours a week (67 percent).

Sixty percent or more of wage-earners in retail and the leisure and hospitality sector (including restaurants) are low-wage workers.

Two-thirds of all low-wage New York workers (2 million) are paid less than \$12 an hour. This number represents one in every four wage-earning workers in the state. Of these workers, 1.1 million are paid less than \$10 an hour. The demographics of the below-\$10 and below-\$12 low-wage workers are basically similar to the demographics of those paid less than \$15 an hour: women are slightly more than half; the large majority are adults, not teenagers; most are white but much higher shares of blacks and Hispanics receive low-wage; and retail and restaurants are very large employers of lower-wage workers.

Table 1. WORKERS PAID LOW WAGES IN NEW YORK STATE

Category	Estimated wage-earning workforce!	Workers paid low wages ²	% of those paid low wages	% in category paid low wages
TOTAL	8,122,200	3,014,300	100%	37%
GENDER				
Female	3,997,300	1,604,700	53%	40%
Male	4,124,800	1,409,600	47%	34%
AGE				
Less than 20 years of age	202,400	181,800	6%	90%
20 years and over	7,919,700	2,832,500	94%	36%
RACE				
White non-Hispanic	4,982,600	1,585,300	53%	32%
Black	1,095,000	530,800	18%	48%
Hispanic	1,286,100	634,300	21%	49%
Asian	758,500	263,900	9%	35%
INDUSTRY				
Retail	913,800	548,100	18%	60%
Leisure and hospitality	739,300	452,400	15%	61%
All other industries	6,469,000	2,013,900	67%	31%
WORK HOURS				
Less than 20 hours	450,900	314,400	10%	70%
20-34 hours	1,036,300	677,500	22%	65%
35 hours or more per week	6,635,000	2,022,400	67%	30%
EDUCATION				
High school or less	2,652,200	1,471,400	49%	55%
Some college or more	5,469,900	1,542,900	51%	28%

Source: EPI analysis of Current Population Survey, Outgoing Rotation Group public use microdata, 2013.

¹ The number of workers in the wge-earning workforce is estimated from the CPS respondents who were 16 years old or older, employed, but not self-employed, and for whom either a valid hourly wage is reported or one can be imputed from weekly earnings and average weekly hours. Consequently, this estmate understates the size of the full workforce.

² Low wages defined as \$15 per hour or less

B. Wages Are Stagnant or Declining for Most New Yorkers

Hourly wages for a typical low-wage worker in New York State have dropped by 8.2 percent when adjusted for inflation since the recession began in 2008. Median hourly wages (those at the middle of the overall wage distribution) fell by 4.5 percent in New York between 2008 and 2013.³

A 2013 NELP analysis of occupational wage trends since the recovery began found that across all occupations, real median hourly wages fell by nearly 3 percent, with mid and lower-wage occupations seeing significantly greater declines.⁴ Real median wages fell by 5 percent or more in five of the top ten lower-wage occupations, including restaurant cooks, food prep workers and home health care aides.

This decline in wages since the Great Recession officially ended is part of a long-term trend toward growing income inequality. The Economic Policy Institute finds that between 2000 and 2012, wages were flat or declined for the entire bottom 60 percent of the American workforce – even as worker productivity grew by nearly 25 percent over the same period.⁵

C. New Job Growth in New York Is Mostly in Low-Paying Industries

New job growth in New York State, like in the rest of the country, remains disproportionately concentrated in low-wage industries such as retail and food services, making an increase in the wage floor an urgent priority for growing numbers of working families who are relying on low-wage work to make ends meet.

New York's net job growth since the recession began has been concentrated in low-wage industries like retail and food services, according to an analysis by the Fiscal Policy Institute. Middle-wage industries as a group have lost over 100,000 jobs over the past five-and-a-half years since the recession began (a decline of nearly 3 percent), with most of that decline concentrated in manufacturing, government and construction. On the other hand, led by industries such as restaurants, home health care services, and retail, low-wage industries as a group have added almost 270,000 jobs, growing by 8.5 percent.⁶ While New York has seen this steady shift from middle-wage to low-wage jobs since the 1990s, it has accelerated in the wake of the recession.

Median wages in many of the state's largest low-wage occupations are around or less than \$10 an hour, including retail salespersons (\$10.80), cashiers (\$9.08), fast-food workers (\$8.80), waiters/waitresses (\$9.19), and home-health aides (\$9.69).⁷

This hollowing out of New York's labor market mirrors the shift toward low-wage work on the national level. A 2012 NELP report found that during the Great Recession, lower-wage occupations made up just 21 percent of recession losses but 58 percent of recovery growth; while mid-wage occupations comprised 60 percent of recession losses but only 22 percent of recovery growth.⁸

D. New York's Recent Minimum Wage Increase to \$9.00 is Still Not Enough to Meet Basic Living Costs, Especially in Higher Cost Areas of the State

In 2013, Albany approved an increase in the state minimum wage to \$9.00 an hour by 2016. However, that increase – which translates to just \$18,720 a year for a full-time worker – is not nearly enough to meet basic living costs even for an individual worker, especially in higher cost areas of the state. Even when New York's minimum wage increase is fully phased in to \$9.00 an hour, that wage will still leave a family of three below the federal poverty line – which is itself an in-adequate measure of what it truly costs to support a family. For most of the 1960s and 1970s, New York's minimum wage allowed a full-time minimum wage worker to support a family of three at roughly 110 percent of the federal poverty line.⁹

New York's new minimum wage is significantly below what the state's minimum wage would be — \$11.11 an hour – had it simply kept pace with inflation over the last forty years. And it is significantly below what other states and localities have recently passed or are pushing to enact. California recently raised its minimum wage to \$10 an hour by 2016, and voters will likely decide in November whether to raise it further to \$12.¹⁰ Governor Martin O'Malley in Maryland and Governor Dannel Malloy in Connecticut have called for raising their states' minimum wages above \$10 an hour, and in November Massachusetts voters will decide whether to raise the minimum wage to \$10.50.¹¹ And leaders in states like Illinois, Minnesota and Hawaii are pushing similar increases.¹²

Table 2. OTHER STATES ARE AIMING HIGHER

Value of 1970 NYS Minimum Wage in 2014 dollars (\$1.85 ad- justed for inflation)	\$11.11
President Obama's Federal Minimum Wage Proposal	\$10.10
CA Minimum Wage (approved Sept. 2013)	\$10.00 (by 2016)
State Minimum Wage Proposals in CT, MA, MD, IL & CA	\$10.00 - \$12.00
Washington, DC, Montgomery & Prince George's Counties, MD (approved Nov./Dec. 2013)	\$11.50 (by 2016-2017)
SeaTac, WA (approved Nov. 2013)	\$15.00
Minimum Wage Proposals in Seattle, San Francisco & Chicago	\$15.00

Because of the inadequacy of the federal poverty level as a meaningful gauge for the income necessary to meet the higher cost of living in New York, experts in family budgets have developed a more robust measure called the Self-Sufficiency Standard. The Self-Sufficiency Standard is based on the income that families of different size and composition need to meet basic expenses for housing, food, child care, clothing, transportation and other necessities, and the standard has been estimated for each county in New York. The standard factors in tax credits such as the Earned Income Tax Credit. For 2010, the Self-Sufficiency Standard for a 4-person family with two adults, one preschooler and one schoolage child, ranged from \$50,200 to \$59,000 for the most populous upstate counties, and higher for New York City and the downstate suburbs.

Two full-time earners would have to make \$13.25 an hour each to have a family income of \$55,120, roughly what it would take to meet a Self-Sufficiency Standard budget in upstate New York. And the wage that each of two earners would need to lift their household to the self-sufficiency level would be even higher in New York City, Westchester, Nassau and Suffolk – illustrating both the inadequacy of New York's current minimum wage, and how much costs of living vary across the state.

Counties ¹	Number of resident wage-earners	Self-sufficiency family budget ²	Hourly wage for 2 full-time earners to earn the self-sufficiecy family budget
UPSTATE COUNTIES			
Albany	133,400	\$59,027	\$14.19
Broome	78,300	\$66,268	\$15.93
Chautauqua	53,300	\$48,942	\$11.76
Dutchess	123,900	\$67,064	\$16.12
Erie	393,600	\$55,369	\$13.31
Monroe	315,100	\$54,182	\$13.02
Niagara	93,600	\$48,302	\$11.61
Oneida	89,900	\$51,037	\$12.27
Onondaga	193,600	\$54,942	\$13,21
Ontario	48,700	\$52,507	\$12.62
Oswego	47,600	\$49,568	\$11.92
Rensselaer	70,400	\$55,836	\$13.42
Saratoga	101,500	\$58,027	\$13.95
Schenectady	64,200	\$55,739	\$13.40
Tompkins	49,800	\$49,891	\$11.99
Ulster	73,700	\$61,979	\$14.90
NEW YORK CITY'			
New York City	3,348,900	\$63,873 - \$70,507	\$15.35 - \$16.95
DOWNSTATE SUBURBAN COUNTIES			in an an teach an teacher an teach
Nassau	596,600	\$79,853	\$19.20
Orange	148,400	\$67,011	\$16.11
Putnam	46,600	\$79,769	\$19.18
Rockland	135,600	\$70,813	\$17.02
Suffolk	676,700	\$86,245	\$20.73
Westchester (excluding Yonkers)	408,500	\$74,762	\$17.97
Yonkers		\$71,847	\$17.27
Subtotal, all of the above	7,291,900		
NEW YORK STATE TOTAL	8,122,200		
subtotal share of state total	90%		، ، ، ، ، ، ، ، ، ، ، ، ، ، ، ، ، ،

Table 3. SELF-SUFFICIENCY FAMILY BUDGETS FOR LARGEST NEW YORK COUNTIES

Source: Fiscal Policy Institute.

' Counties with wage-earning workforce > 45,000.

² Annual self-sufficiency standard for 4-person family with 2 adults, one preschooler and one school-age child. Diana M. Pearce, The Self-Sufficiency Standard for New York State 2010, June 2010, New York State Community Action Association and Wider Opportunities for Women.

³ Self-sufficiency family budgets are estimated for each borough, with Manhattan divided into two (North Manhattan above 110th Street, and South Manhattan below 110th Street); South Manhattan budget (\$93,002) excluded from the range shown for NYC.

II. The Solution

Allow Cities and Counties to Enact Higher Local Minimum Wages

A. In States from California to Maryland, Cities and Counties Are Using Higher Minimum Wages to Fight Poverty Locally

"To every mayor, governor, state legislator in America, I say, you don't have to wait for Congress to act; Americans will support you if you take this on."

~ President Barack Obama, 2014 State of the Union Address,¹³ calling on localities and states to raise the minimum wage on their own

"We want to ensure that New Yorkers aren't relegated to the ranks of the poor when putting in a full week's work.... [W]e will ask Albany to give New York City the power to raise the minimum wage in all five boroughs"¹⁴

~ Mayor Bill de Blasio, 2014 State of the City Address

Across the country, states from California to Maryland allow cities and counties to supplement the state minimum wage with higher local minimum wages. These states have found that empowering localities to adopt higher minimum wages enables them to fight poverty locally and to tailor the minimum wage to local living costs. And they have found that higher local minimum wages help build momentum for raising the state-wide minimum wage.

"In Maryland, we've found that giving counties the power to raise the minimum wage has helped local leaders address the needs of their local economies. My county, Montgomery County, recently raise the minimum wage to \$11.50 to match our county's cost of living, which is a lot higher than that in rural parts of the state. And by coordinating with neighboring Prince George's County and Washington, DC, we were able to enact a higher regional minimum wage for these high-cost communities. Our local wage laws have also helped build momentum for raising the Maryland minimum wage state-wide, which Governor O'Malley is working with the legislature to do this year."

~ Valerie Ervin, former Montgomery County Councilmember & Executive Director of the Center for Working Families

Year Adopted	City/County	Current Wage Level
2003	San Francisco	\$10.74
2004	Santa Fe City, NM	\$10.66
2012	San Jose	\$10.15
2013	Washington DC	\$11.50 (by 2017)
2013	Montgomery County, MD	\$11.50 (by 2017)
2013	Prince Georges County, MD	\$11.50 (by 2017)
2013	SeaTac, WA	\$15.00

Table 4. EXAMPLES OF CURRENT LOCAL MINIMUM WAG	Table 4.	EXAMPLES	OF CURRENT	LOCAL MINIMUM	WAGES
--	----------	----------	------------	---------------	-------

Many states do not restrict local powers in the way that New York currently does.¹⁵ Cities and counties that have enacted higher minimum wages in recent years include San Francisco (\$10.74), Santa Fe (\$10.66), San Jose (\$10.15), Washington D.C. (\$11.50 by 2016), Montgomery County, MD (\$11.50 by 2017), Prince Georges County, MD (\$11.50 by 2017) and SeaTac, WA (\$15 for certain jobs).

And as national momentum for improving wages and jobs grows, more cities and counties are moving to enact higher local minimum wages. These include Seattle, San Francisco (where Mayor Ed Lee has called for raising that city's current \$10.74 minimum wage higher), Chicago, San Diego, Oakland, Portland, ME, and Las Cruces, NM among others.

City/County	Proposed Wage Level
Seattle	\$15.00
San Francisco	\$15.00 (up from current \$10.74)
Chicago	\$15.00
San Diego	level not yet specified
Oakland	\$12.25
Richmond, CA	level not yet specified
Santa Fe County, NM	\$10.50
Las Cruces, NM	level not yet specified
Portland, ME	level not yet specified

Table 5. EXAMPLES OF PROPOSED LOCAL MINIMUM WAGES

B. The Economic Evidence Shows That Higher Local Minimum Wages Have Improved Jobs and City Economies, without Hurting Businesses

Leaders in cities that have enacted higher local minimum wages report that they have had substantial benefits for local communities, and have been manageable for local businesses:

"Not only is [Santa Fe's higher local minimum wage] the right thing to do for a large number of people, but it has been critical to the success of our economy. We have the lowest unemployment of any metro area in the state and we are seeing small businesses create jobs at a greater pace than ever before. "¹⁶

~ Santa Fe Mayor David Coss

"San Francisco's higher local minimum wage has been a big success during the 10 years that we've had it. It's helped reduce poverty, has been manageable for local businesses, and has been good for the city's economy by putting more money in the pockets of working San Franciscans. Currently the city is exploring raising it more to better reflect our high cost of living."

 \sim San Francisco Board of Supervisors Member David Campos

"In its first year, San Jose's higher local minimum wage has made a big difference in improving jobs at the bottom of our economy and combatting the widening inequality that our region is struggling with. And while some segments of the business community were concerned about the local minimum wage when it was proposed, most have found that it has been manageable and not a big problem."

~ San Jose City Councilmember Ash Kalra

City leaders' conclusions have been confirmed by rigorous economic analysis of the impact of the higher minimum wage laws that have been in operation in cities like San Francisco, Santa Fe and Washington, D.C. for many years. These studies have found that higher city minimum wages have boosted wages without any evidence of slowed job growth or business relocations. This is because the substantial majority of the low-wage positions affected are in fields such as restaurants, retail, and building services that are linked to their city locations, and so cannot practically be moved by their employers to other locations outside of the city. Key studies in this body of research include:

- A 2012 study by the Center for Economic Policy Research that analyzed the
 effects of the city minimum wage laws in San Francisco, Santa Fe, and Washington D.C. on the wages and employment in fast food restaurants, food services, retail and other low-wage establishments. It found that these laws raised
 the earnings of low-wage workers without a discernable impact on employment.¹⁷
- A 2014 book-length study of San Francisco's minimum wage, health care and paid sick leave laws, which collectively raised the compensation of low-wage workers 80 percent higher than the federal minimum wage, found that these laws raised pay without costing jobs. In fact, researchers found that from 2004 to 2011, private sector employment grew by 5.6 percent in San Francisco, but fell by 4.4 percent in other Bay Area, California counties that did not have a higher local wage. Among food-service workers, who are more likely to be affected by minimum-wage laws, employment grew 17.7 percent in San Francisco, faster than in the other Bay Area counties. San Francisco employers absorbed the higher wage costs through a combination of reduced employee turnover (with corresponding savings in re-staffing and retraining costs) and improved customer service and worker productivity.¹⁸
- A 2006 study by the University of New Mexico's Bureau of Business and Economic Research that examined the effects of Santa Fe's adoption of a citywide minimum wage that increased the minimum wage from \$5.15 to \$8.50 (an immediate 65 percent increase) and indexed the wage rate to increase with inflation in future years. The analysis found that the minimum wage increase had no discernable impact on employment, and that Santa Fe's job growth overall was higher than Albuquerque's, which at that time did not have a higher city minimum wage.¹⁹
- An earlier 2007 study of the economic effects of San Francisco's city minimum wage, which surveyed table service as well as fast food restaurants the industries most affected by the increase found that the policy increased worker pay without creating any detectable employment loss among affected restaurants.²⁰

In San Jose, local business leaders who initially opposed enacting a higher city minimum wage have now found it to be manageable, reports the *San Jose Mercury News.*²¹ And in San Francisco, the city's pro-business mayor, Ed Lee, is calling for a significant increase to the city's \$10.74 minimum wage, recognizing that it is one of the most effective strategies for addressing the city's widening inequality and high cost of living.²²

C. Similar Research at the State and National Levels Confirms That Higher Minimum Wages Help Low-Paid Workers Without Slowing Job Growth

The findings of these studies on the effects of city minimum wages are supported by the most rigorous economic research on the effects of minimum wage at the state and federal levels increases over the past twenty years, which has found that increased minimum wages boosts worker pay without causing job losses – even in regions where the economy is weak or unemployment is higher:

- Two leading "meta-studies" survey and pool the data from over four decades of studies of the impact of raising the minimum wage. As summarized by the Center for Economic and Policy Research in a recent review, these leading meta-studies show that the substantial majority of rigorous studies have found "little or no significant impact of minimum wage increases on employment." Such meta-studies represent the most accurate and sophisticated approach to studying the employment impact of raising the minimum wage, as they aggregate data from dozens of studies containing thousands of different estimates of the employment impact of minimum wage increases.²³
- This body of research was recently summarized in a statement endorsed by over 600 economists, including seven Nobel Laureates and eight past presidents of the American Economic Association. The statement explained that, "In recent years there have been important developments in the academic literature on the effect of increases in the minimum wage on employment, with the weight of evidence now showing that increases in the minimum wage have had little or no negative effect on the employment of minimum-wage workers, even during times of weakness in the labor market."²⁴
- As Bloomberg News summarized, "[this] wave of new economic research is disproving those arguments about job losses and youth employment. Previous studies tended not to control for regional economic trends that were already affecting employment levels, such as a manufacturing-dependent state that was shedding jobs. The new research looks at micro-level employment patterns for a more accurate employment picture. The studies find minimum-wage increases even provide an economic boost, albeit a small one, as strapped workers immediately spend their raises."²⁵
- Among the most sophisticated and widely-praised of the recent studies is a 2010 study on the effects of increases in the minimum wage on job growth in the United States. Taking advantage of the fact that a record number of states raised their minimum wages during the 1990s and 2000s creating scores of differing minimum wage rates across the country the study compares employment levels among every pair of neighboring U.S. counties that had differing minimum wage levels at any time between 1990 and 2006 and

finds that higher minimum wages did not reduce employment.²⁶ This is also a particularly important finding regarding the impact of higher minimum wage requirements at a local level—this study looked at 500 pairs of neighboring counties and found that a higher minimum wage in one of each pair of counties did not have an adverse employment effect in the county with the higher minimum wage.

 A companion piece, published in 2011 focused on the impact of minimum wage increases on teens – a very small segment of the low-wage workforce but one where any job loss impacts caused by higher wages might be expected to appear first. The study examined every minimum wage increase in the United States over the past two decades—including increases that took place during protracted periods of high unemployment—and found that raising the wage floor boosted incomes without reducing employment or slowing job creation.²⁷

D. Allowing Higher Local Minimum Wages in New York Would Empower Cities and Counties to Improve the Lives of Significant Numbers of Working New Yorkers

Empowering localities in New York to enact higher local wages better suited to regional living costs could lift pay for hundreds of thousands if not millions of workers, depending on how many localities chose to enact a higher local wage, and what wage level they decided made sense for their community. This is because significant numbers of workers across New York and in every county rely on very low wages to make ends meet, and could benefit from some sort of raise if counties and cities had the power to enact a higher minimum wage.

COUNTY-BY-COUNTY DISTRIBUTION OF NEW YORK'S LOW-WAGE EARNERS

Overall for the state, 37 percent of wage-earners are paid low-wages below \$15 an hour. In many urban areas, the percent of low-wage workers is much higher. In Monroe County (Rochester), 40 percent of wage-earners are low-wage, 41 percent in Erie County (Buffalo), 44 percent in Chautauqua County (Jamestown), 45 percent in Broome County (Binghampton), and in the Bronx, half (51 percent) of all wage-earners are low-wage (see Table 5).

ALLOWING HIGHER MINIMUM WAGES IMPROVES CHILD DEVELOPMENT

A burgeoning academic literature on early childhood development offers strong support for measures to raise minimum wages. Over 1.1 million children in New York State—more than one out of every four children in the state—have parents who make less than \$15 an hour. Given the high proportion of wage-earners making low-wages in the state's large cities, it is not surprising that New York State's overall child poverty rate in 2012 was 22.6 percent, and that it was much higher in New York City, 32 percent, and dramatically higher in Buffalo

Table 5. NEW YORK WORKERS PAID LOW WAGES BY COUNTY & AS A SHARE OF COUNTY'S TOTAL WAGE-EARNERS

.

	Wage-earners per county	Low-wage workers per county ¹	Percent of wage-earners in each county paid low-wages
NEW YORK STATE TOTAL	8,122,200	3,014,300	37%
NEW YORK CITY	3,348,900	1,250,200	37%
Bronx	444,300	229,700	52%
Kings	945,100	384,300	41%
Manhattan	796,600	219,800	28%
Queens	957,300	357,700	37%
Richmond	205,300	58,600	29%
REST OF STATE	4,773,300	1,764,200	37%
Albany	133,400	48,600	36%
Allegany	20,100	7,400	36%
Broome	78,300	35,500	45%
Cattaraugus	33,800	13,900	41%
Cayuga	34,600	12,900	37%
Chautauqua	53,300	23,500	44%
Chemung	33,900	15,100	44%
Chenango	21,200	9,000	43%
Clinton	31,600	13,700	43%
Columbia	26,400	10,300	39%
Cortland	20,600	7,800	38%
Delaware	18,300	7,800	43%
Dutchess	123,900	41,600	34%
Erie ·	393,600	159,800	41%
Essex	14,800	6,600	45%
Franklin	18,700	7,800	42%
Fulton	22,200	9,400	43%
Genesee	27,200	10,600	39%
Greene	19,800	8,200	41%
Hamilton	2,500	1,000	41%
Herkimer	25,600	10,900	43%
Jefferson	40,200	16,600	41%
Lewis	10,200	4,000	39%
Livingston	27,300	9,900	36%

,

Table 6. NEW YORK WORKERS PAID LOW WAGES BY COUNTY & AS A SHARE OF COUNTY'S TOTAL WAGE-EARNERS

	Wage-earners per county	Low-wage workers per county	Percent of wage-earners in each county paid low-wages
Madison	30,400	10,800	35%
Monroe	315,100	127,600	40%
Montgomery	19,700	9,600	49%
Nassau	596,600	198,900	33%
Niagara	93,600	39,600	42%
Oneida	89,900	41,000	46%
Onondaga	193,600	76,300	39%
Ontario	48,700	18,400	38%
Orange	148,400	52,500	35%
Orleans	16,000	7,200	45%
Oswego	47,600	19,700	41%
Otsego	26,700	10,500	39%
Putnam	46,600	12,900	28%
Rensselaer	70,400	25,600	36%
Rockland	, 135,600	43,200	32%
Saratoga	101,500	33,300	33%
Schenectady	64,200	26,100	41%
Schoharie	13,000	4,700	37%
Schuyler	8,400	3,400	40%
Seneca	14,600	5,800	40%
St. Lawrence	39,800	16,800	42%
Steuben	37,000	16,500	45%
Suffolk	676,700	223,200	33%
Sullivan	28,700	12,800	45%
Tioga	21,000	8,500	41%
Tompkins	49,800	13,800	28%
Ulster	73,700	29,700	40%
Warren	30,200	12,700	42%
Washington	27,300	10,200	38%
Wayne	40,100	16,100	40%
Westchester	408,500	133,500	33%
Wyoming	17,100	6,700	39%
Yates	11,300	4,600	40%

Source: Fiscal Policy Institute.

¹ Low wages defined as \$15 per hour or less

Note: Average resident employment by county from New York State Dept. of Labor, LAUS series, adjusted to reflect estimate of those receiving wages based on state-level share, excluding self-employed and those for whom a valid wage cannot be determined from Current Population Survey data. Number of workers paid less than \$15 an hour from Economic Policy Institute analysis of CPS microdata, 2013. Allocated to counties by Fiscal Policy Institute analysis of each county's share of low-income tax filers from NYS Dept. of Finance and Taxation. (45 percent), Rochester (49 percent) and Syracuse, where over half of all children (54 percent) live in poverty.²⁸

Low-wage workers provide 57 percent of their families' total income, and the wage earnings of low-wage workers is the sole source of family income for 20 percent of families with children who have a low-wage worker.²⁹

Child development research that follows low-income children from early childhood into their adult years has found significant and lasting benefits when incomes rise for children's families. One example is research by Greg Duncan and colleagues that found that each additional \$3,000 in annual income in early childhood is associated with an additional 135 hours of annual work as a young adult and an additional 17 percent in annual earnings.³⁰

Conclusion

From California to Maryland, cities and counties are using higher local minimum wages to respond to the growth of low wage jobs. They are finding that these policies have significantly improved job and living conditions for workers and families at the bottom of their economies, and have not hurt business growth. With its large numbers of low-wage jobs and extreme income inequality, such policies would be especially beneficial in New York State where urban, suburban and rural counties alike struggle to respond to the impact of such jobs on their communities. New York State should empower cities and counties to supplement the state minimum wage with higher local minimum wages to allow them to address local conditions and fight poverty.



Nåtional Employment Law Project 75 Maiden Lane, Suite 601 New York, NY 10038 Phone: 212-285-3025 Fax: (212)285-3044 psonn@nelp.org



Fiscal Policy Institute 11 Park Place New York, NY 10007 Phone: 212-721-5624 Fax: (212) 721-5415 parrott@fiscalpolicy.org

- ¹ Quinnipiac University Poll Press Release, Equal Pay for Women Has Most Support in New York, Quinnipiac Poll Finds, Voters Back Minimum Wage 5-1, Split on Gas Drilling (January 31, 2013), available at <u>http://www.guinnipiac.edu/images/polling/ny/ny01312013.pdf/</u>
- ² Catherine Rampell, "New York State Leads in Income Inequality," N.Y. Times (September 20, 2012), available at <u>http://economix.blogs.nytimes.com/2012/09/20/new-york-state-leads-in-income-inequality/? php=true& type=blogs& r=0</u>
- ³ Changes in wages at the 20th percentile in the wage distribution are considered representative of wage trends for many low-wage workers, see Fiscal Policy Institute, New York State Economic and Fiscal Outlook 2014-2015 (February 2014), p. 75, available at <u>http://fiscalpolicy.org/wo-content/uploads/2014/02/ FPI-Budget-Briefing-Book-2014-2015.pdf</u>
- ⁴ National Employment Law Project, The Inequality of Declining Wages During the Recovery [July 2013], available at <u>http://www.nelp.org/page/-/lob_Creation/NELP-Fact-Sheet-Inequality-Declining-Wages.pdf?nocdn=1</u>
- ⁵ Lawrence Mishel & Heidi Shierholz, A Decade of Flat Wages: The Key Barrier to Shared Prosperity and a Rising Middle Class, Economic Policy Institute Briefing Paper #365 (August 21, 2013), available at http:// s1.epi.org/files/2013/8P365.pdf
- ⁶ Fiscal Policy Institute, New York State Economic and Fiscal Outlook 2014-2015 (February 2014), p. 92, available at <u>http://fiscalpolicy.org/wp-content/uploads/2014/02/FPI-Budget-Briefing-Book-2014-2015</u>, pdf.
- ⁷ New York State Department of Labor, Occupational Employment Statistics Survey, First Quarter, 2013.
- ⁸ National Employment Law Project, The Low-Wage Recovery and Growing Inequality (August 2012), available at <u>http://www.nelp.org/page/./lob_Creation/LowWageRecovery2012.pdf?nocdn=1</u>
- P Fiscal Policy Institute, New York State Economic and Fiscal Outlook 2014-2015 at 86 (February 2013), available at http://fiscalpolicy.org/wp-content/uploads/2014/02/FPI-BudgetBriefing-Book-2014-2015, pdf.
- ¹⁰ "Conservative Leads Effort to Raise Minimum Wage in California," N.Y. Times, November 25, 2013, available at <u>http://www.nytimes.com/2013/11/26/us/conservative-leads-effort-to-raise-minimum-wage-incalifornia.html? r=0</u>
- ¹¹ Timothy B. Wheeler, "O'Malley Backs \$10.10 Minimum Wage," Baltimore Sun [January 15, 2014], available at http://articles.baltimoresun.com/2014-01-14/news/bs-md-minimum-wage-rally-20140114_1_minimum-wage-raise-maryland-future-increases; Chris Isidore, "Connecticut Governor proposes \$10.10 minimum wage", CNN Money (February 5, 2014), available at http://money.cnn. com/2014/02/05/news/economy/connecticut-minimum-wage/; "Murray Sets Priorities for Last Year at Helm," Cape Cod Online, February 11, 2014, available at http://www.google.com/url?sa=t&rct=j &q=&esrc=s&source=newssearch&cd=8&cad=rja&ved=OCDY@q0loADAH&url=http%3A%2F%2Fwww. capecodonline.com%2Fapps%2Fpbcs.dll%2Farticle%3FAID%3D%2F20140211%2FNEWS%2F40211031 2&ei=Yfb5UpyEJ63nsASssolYDg&usg=AF@jCNEmKwQlftKhY0a@HWOQGIBVIKHMcA&sig2=AM5zd2p MuK4mb-PXnapDjQ.
- ¹² Aamer Madhani, "States gaining speed on minimum wage faster than Obama", USA Today (February 4, 2014), available at <u>http://www.usatoday.com/story/news/nation/2014/02/04/obamo-states-pushminimum-wage/5188769/</u>
- ¹³ State of the Union Address by President Obama, January 28, 2014, available at <u>http://www.washing-tanpost.com/politics/full-text-of-abamas-2014-state-of-the-union-address/2014/01/28/e0c93358-887f-11e3-a5bd-844629433ba3_story.html</u>
- ¹⁴ "De Blasio Pushes for Raise in City's Minimum Wage," N.Y. Post, February 10, 2014, available at <u>http://nypost.com/2014/02/10/de-blasio-pushes-for-raise-in-citys-minimum-wage/</u>
- ¹⁵ The power to adopt higher local minimum wages varies from state to state. In states such as Maryland and New Mexico where state law does not directly address the question of local minimum wages, courts have interpreted their state minimum wages as allowing higher local minimum wages. In other states such as California, Washington State and Arizona, the legislature or the voters have amended the state minimum wage to clarify that higher local minimum wages are permissible.
- ¹⁶ Santa Fe Mayor David Coss, State of the City Address (Oct. 22, 2013), available at <u>http://www.santafe.com/article/santa-fe-mayor-david-coss-delivers-annual-state-of-the-city-address#sthash.GOSblvp2.dpuf</u>
- ¹⁷ John Schmitt and David Rosnick, The Wage and Employment of Minimum Wage Laws in Three Cities, Center for Economic and Policy Research (March 2011), available at <u>http://www.cepr.net/documents/ publications/min-wage-2011-03.pdf</u>
- ¹⁸ Michael Reich, Ken Jacobs and Miranda Dietz (eds.), When Mandotes Work: Raising Labor Standards at the Local Level, University of California Press (2014), available at <u>http://irle.berkeley.edu/publications/</u>

when-mandates-work/; "San Francisco's Higher Minimum Wage Hasn't Hurt the Economy," Business Week (January 22, 2014), available at <u>http://www.businessweek.com/articles/2014-01-22/san-franciscos-higher-minimum-wage-hasnt-hurt-the-economy;</u> "S.F. praised as model for U.S. on increasing minimum wage," SF Gate (January 28, 2014), available at <u>http://www.sfgate.com/politics/article/SF-praised-asmodel-for-US-on-increasing-5183378.php</u>

- ¹⁹ University of New Mexico, Bureau of Business and Economic Research, Measuring the Employment Impacts of the Living Wage Ordinance in Santa Fe, New Mexico (June 30, 2006), available at <u>http:// bber.unm.edu/pubs/EmploymentilvingWageAnalysis.pdf</u>
- ²⁰ Arindrajil Dube, Suresh Naidu and Michael Reich, The Economic Effects of a Citywide Minimum Wage, Cornell Industrial and Labor Relations Review (July 2007), available at <u>http://digitalcommons.ilr.cornell.edu/cgi/viewcontent.cgi?article=1293&context=ilrreview</u>
- 21 Mike Rosenberg, "San Jose minimum wage rises again, beating California and national increases", San Jose Mercury News (December 31, 2013), available at <u>http://www.mercurynews.com/nationworld/ci_24825035/san-jose-minimum-wage-rises-again-beating-california</u>
- ²² John Coté, "Ed Lee backs significant increase in minimum wage", S.F. Gote (December 10, 2013), available at <u>http://www.sfgate.com/politics/article/Ed-Lee-backs-significant-increase-in-minimum;</u> wage-5053183.php
- ²³ John Schmitt, Why Does the Minimum Wage Have No Discernable Impact on Employment? (February 2013), Center for Economic and Policy Research, available at <u>http://www.cepr.net/documents/publications/min-wage-2013-02.pdf</u>.
- 24 Economic Policy Institute, "Over 600 Economists Sign Letter in Support of \$10.10 Minimum Wage," available at <u>http://www.epi.org/minimum-wage-statement/</u>
- ²⁵ "Raise the Minimum Wage," Bloomberg News, April 16, 2013, available at <u>http://www.bloomberg.com/news/2012-04-16/u-s-minimum-wage-lowerthan-in-lbj-era-needs-a-raise.html</u>
- ²⁶ Arindrajit Dube, T. William Lester and Michael Reich, Minimum Wage Effects Across State Borders: Estimates Using Contiguous Counties, Review of Economic and Statistics (November 2010), available at http://www.irle.berkeley.edu/workingpapers/157-07.pdf; see also NELP Summary, available at <u>http:// nelp.3cdn.net/98b449fce61fca7d43 j1m6iizwd.pdf</u>
- 27 Sylvia A. Allegretto, Arindrajit Dube and Michael Reich, Do Minimum Wages Really Reduce Teen Employment? Industrial Relations Journal (April 2011), available at (<u>http://www.irle.berkeley.edu/workingpapers/166-08.pdf</u>; see also NELP Summary, available at <u>http://nelp.3cdn.net/ eb5df32f3af67ae91b_65m6ivZeb.pdf</u>
- ²⁸ Fiscal Policy Institute, New York State Economic and Fiscal Outlook 2014-2015, at 81, February, 2014.
- ²⁹ Analysis of Current Population Survey data by the Economic Policy Institute.
- ³⁰ Greg J. Duncan, Kathleen M. Ziol-Guest, and Ariel Kalil, "Early-Childhood Poverty and Adult Attainment, Behavior, and Health," Child Development Quarterly, Jan./Feb. 2010, pp. 306-325.



The City of New York Office of the Comptroller Scott M. Stringer

TESTIMONY OF NEW YORK CITY COMPTROLLER IN SUPPORT OF RES. 189-2014

BEFORE MEMBERS OF THE COMMITTEE ON CIVIL SERVICE & LABOR OF THE NEW YORK CITY COUNCIL

APRIL 30, 2014

Thank you to Chairperson Miller and the members of the Committee on Civil Service and Labor for holding this hearing today on Resolution 189, introduced by Councilmember Dromm and Chairperson Miller, which calls on the State Legislature to pass and the Governor to sign A.9036/S.6516, a bill introduced by Senator Andrea Stewart-Cousins and Assembly Member Karim Camara, which authorizes cities to establish and enforce local minimum wages.

While the State Legislature's recent effort to increase the state minimum wage was an important victory, I believe we must go further to assist working families in New York City.

When it comes to the minimum wage, one size does not fit all. New York City residents face some of the highest costs of living in the nation—80 percent higher than in Buffalo, 70 percent higher than in Rochester, and 60 percent higher than in Albany.

As my recent report on the state of New York City's affordability housing crisis found, from 2000 to 2012:

- Median apartment rents in New York City rose by 75 percent, compared to 44 percent in the rest of the U.S. Over the same period, real incomes of New Yorkers declined as the nation struggled to emerge from two recessions.
- Housing affordability—as defined by rent-to-income ratios—decreased for renters in every income group during this period, with the harshest consequences for poor and low-income New Yorkers earning less than \$40,000 a year, including thousands of workers who earn the minimum wage.

While rising rents have been a major factor squeezing New York's families, the cost of many basic services and products has risen sharply.

The cost of a 30-day Metrocard is up 77 percent since 2000, more than twice the rate of inflation.

The cost of a gallon of gasoline has more than doubled.

And water rates have risen more than 175 percent.

These costs have risen even as wages for working New Yorkers have stagnated. As my office found, since the onset of the Great Recession in 2008, wage growth has been less than 2 percent every year. As a result, we have a long way to go to make a dent in the struggles faced by so many New Yorkers.

In January, I testified in Albany on the State budget and called on the Legislature to empower cities to establish local minimum wage levels that they deem appropriate.

Many other cities across the country already have followed this path, helping millions of working families in the process. San Francisco's minimum wage is already \$10.74, San Jose's is \$10.15, Santa Fe's is \$10.51, and Washington D.C.'s is set to rise to \$11.50 by 2016.

At a time of record homelessness in the five boroughs—when over 22,000 children call our shelters home—and with nearly one in five New Yorkers living below the poverty line, urgent action is needed to raise up working women and men in New York City and ensure that a full day's work does not leave families deciding whether to pay the rent or put food on the table.

Thank you to the Committee for its attention to this issue and I look forward to working with you to bring a local minimum wage to New York City.

	THE COUNCIL THE CITY OF NEW YORK
	Appearance Card
	I intend to appear and speak on Int. No Res. No in favor
	Name: Austin Shifian Leg. Director WEP
	represent:
	Address:
	THE COUNCIL THE CITY OF NEW YORK
	Appearance Card
J	I intend to appear and speak on Int. No Res. No I in favor I in opposition
•	Date: (PLEASE PRINT)
	Name: ELLIDIT ROSEBORD Address: 23 Puluske' AT
	represent: <u>NYCC</u>
	Address:
	
	THE COUNCIL
	THE CITY OF NEW YORK
	Appearance Card
•	intend to appear and speak on Int. No.
	in favor 🗋 in opposition
	Date: APRIL 30 ZOI4
	AME: RABBI MICHAEL TEINBERG
	ddress: 235 W. 102mp ST.
_	represent: (REATER NY LABOR - RELIGION COALITION
. 	

.

THE COUNCIL	٠.
THE COUNCIL THE CITY OF NEW YORK	
Appearance Card	
I intend to appear and speak on Int. No Res. No	
in favor in opposition Date:	
Name: REMARK (PLEASE/PRINT)	
 Address: 340 Thomas S-Doyland St	
 I represent: Fast Forn Fornland Campaing	
Address: THE COUNCIL	
THE CITY OF NEW YORK	-
Appearance Card -	
I intend to appear and speak on Int. No Res. No	
Date: 1/30/2014	
Name: Sebustion Sanchez Makethe Road NY	
Address: 92.10 Roosevert Ave, Jackson Heights, NY 11372	
I represent: Make the Road NT.	
 Address:	
THE COUNCIL	
 THE CITY OF NEW YORK	
 Appearance Card	
 I intend to appear and speak on Int. No Res. No.	
Date: - 4 30 14 (PLEASE PRINT)	
 Name: - KNESTER JOHN FOY	
Address: MATURHAL ACTION MEXMORIC	
Address: 106 w/ 45t SI	
Please complete this card and return to the Sergeant-at-Arms	

	THE COUNCIL
	THE CITY OF NEW YORK
	Appearance Card
I intend to app	pear and speak on Int. No Res. No in favor in opposition
-	Date:
Name: IFr	aakie Arisdab 111
Address	805 (Bodette levent Brook 14 WWW DZ 36
I represent: 1/	Paper Food Harbard - B. anod ral Sring
Address: 1-7.	scatoway Not assay
Pr-	state wan 125 messel
Please	e complete this card and return to the Sergeant-at-Árms
Please	
المعنى يون يون يون يون يون يون يون يون يون يون	THE COUNCIL THE COUNCIL THE CITY OF NEW YORK
المحمد بي معرفي المحمد الم المحمد المحمد المحمد المحمد المحمد	THE COUNCIL THE CITY OF NEW YORK Appearance Card
میں ہے۔ یہ بہ بہ یہ یہ ک	THE COUNCIL THE CITY OF NEW YORK Appearance Card
میں ہے۔ یہ بہ بہ یہ یہ ک	THE COUNCIL THE CITY OF NEW YORK Appearance Card pear and speak on Int. No. Res. No. 57 in favor in opposition 1000000000000000000000000000000000000
میں ہے۔ یہ بہ بہ یہ یہ ک	THE COUNCIL THE CITY OF NEW YORK Appearance Card pear and speak on Int. No. Res. No. in favor Date: U - 30 - 14
میں ہے۔ یہ بہ بہ یہ یہ ک	THE COUNCIL THE CITY OF NEW YORK Appearance Card pear and speak on Int. No. In favor In opposition Date: L/-30-14 (PLEASE PRINT)
میں ہے۔ یہ بہ بہ یہ یہ ک	THE COUNCIL THE CITY OF NEW YORK Appearance Card pear and speak on Int. No. Res. No. in favor Date: U - 30 - 14
میں ہے۔ یہ بہ بہ یہ یہ ک	THE COUNCIL THE CITY OF NEW YORK Appearance Card pear and speak on Int. No. □ in favor □ in opposition Date: L/-30-14 Pucke Medicatica
I intend to app Name:	THE COUNCIL THE CITY OF NEW YORK Appearance Card Appearance Card pear and speak on Int. No. Res. No. 1 in favor 1 in favor 1 Date: 4-30-14 (PLEASE PRINT) Pucka Malaratra Concerning Secure Secure Alleration
I intend to app Name:	THE COUNCIL THE CITY OF NEW YORK Appearance Card pear and speak on Int. No. Res. No. 1 pate: 4 - 30 - 14 Pucke Meleratee

<u>،</u>

.

Appearance Card I intend to appear and speak on Int. No. Res. No. Q in favor in opposition Date:	T	THE COUNCIL HE CITY OF NEW YORK
Name:	I intend to appear	and speak on Int. No Res. NoRes. NoRe
Address:	1	MES PARIENTI SCAL POLICY NSTITUTE
THE COUNCIL THE CITY OF NEW YORK Appearance Card I intend to appear and speak on Int. No Res. No in favor in opposition Date: 4/30/14 (PLEASE PRINT)	Address:	
I intend to appear and speak on Int. No Res. No in favor in opposition $Date: \frac{4/30/12}{}$ (PLEASE PRINT)		THE COUNCIL
PLEASE PRINT)	I intend to appear	and speak on Int. No Res. No in favor [] in opposition
The second the last	Name: Danit	el Powlys
Address: 187-08 Union (venpike I represent: <u>OWNER</u> , Real Brave Auctio Inc. Address: <u>GOBI2 NYC</u> partnership for NYC		