Minimum-Wage Rolls Drive Albany Debate
By Joseph De Avila, Wall Street Journal
February 13, 2012

The number of workers in New York state earning minimum wage has increased sharply since the start of the recession, one of the driving factors underlying a debate in Albany over whether to raise the hourly rate.

In 2011, the number of minimum-wage earners statewide stood at about 91,000, according to the federal Bureau of Labor Statistics. The figure represents a significant jump from 2008, when an estimated 6,000 people worked at the lowest rung of the income ladder.

The swelling ranks of minimum-wage earners has lent some ammunition to a push by Democratic Assembly Speaker Sheldon Silver to increase the hourly rate for the first time since 2009. It was boosted that year to $7.25 an hour.

Mr. Silver has backed a bill that would an increase the wage to $8.50 an hour, a rate that would be among the highest in the nation. It would then be indexed annually to the inflation rate.

The effort faces opposition from Republicans and many in the business community who argue that it would cost jobs in an economic downturn, especially among younger workers, and put New York at a disadvantage with neighboring states.

Connecticut has set its minimum wage at $8.25 an hour, and New Jersey's stands at $7.25.

"This should be a federal discussion, not a state discussion. That would put all states on the same competitive floor," said Russell Sykes, senior fellow at the Manhattan Institute's Empire Center for New York State Policy, a conservative think tank.
Senate Republican Majority Leader Dean Skelos opposes the bill, while Gov. Andrew Cuomo hasn't taken a public position. New York City Mayor Michael Bloomberg has voiced general support for an increase but hasn't signed onto Mr. Silver's specific proposal.

The rise in the numbers of minimum-wage earners may be partially attributed to workers who were swept into the category after the most recent increase. In fact, in 2010 the number of people earning the rate more than doubled before falling somewhat in 2011.

"It's not more people are being pushed down," said Ken Pokalsky, vice president of government affairs of the Business Council of New York State, which opposes a higher minimum wage. "We just captured a bigger universe by redefining what the minimum wage was."

James Parrott, senior economist with the left-leaning Fiscal Policy Institute, argued that the drop wasn't high compared with the overall increase in the past few years. "Employers decide to pay less because they can, and workers have less options and are more desperate, so they are prepared to accept lower wages," Mr. Parrott said.

New York wasn't alone in seeing a leap in the ranks of people earning minimum wage since the housing crisis began. Nationally, 1.68 million people were taking home that salary last year, a more than fivefold increase over 286,000 in 2008.

"I believe if you work full-time, you shouldn't be poor," Mr. Silver said in an interview. "For most of these workers, that's the reality."

In Brooklyn's Crown Heights neighborhood, Adam Tounkara earns minimum wage as a sales clerk at Pretty Girl, a clothing store. Most weeks, Ms. Tounkara gets about 30 hours of work and takes home less than $300, she said.

Even with public assistance that includes subsidized housing in Canarsie, Ms. Tounkara said she struggles to support herself and her 4-year-old daughter. "We're just trying to make ends meet. We survive paycheck to paycheck," said the 23-year-old West African immigrant. "I don't want to get myself into credit-card trouble."

The shift in worker wages has followed a larger trend in the state's economy.

From 2000 to 2010, New York state lost about 496,000 jobs that pay above or near the state's average of $61,523 in industries such as construction and manufacturing, according to the Bureau of Labor Statistics. During the same period, the state added about 331,000 jobs that pay below-average wages in industries such as food service.

The numbers of workers who are allowed to earn less than minimum wage—such as waiters—increased 14% between 2008 and 2011.

The loss of jobs in more well-paying sectors drives the arguments of many who say that legislators should aim their efforts at attracting more business to the state rather than at an increase in the minimum wage.
After federal and state tax credits, minimum-wage workers currently earn the equivalent of about $10 an hour, argued Mr. Sykes, of the Empire Center. Instead of increasing wages, legislators should consider increasing the earned-income tax credit to help low-earners, he said.

Mr. Silver has said the minimum-wage bill could be linked to an Assembly budget proposal that would eliminate state taxes for families making under $30,000 and individuals earning less than $20,000.