

NEWS from the FISCAL POLICY INSTITUTE

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Minimum Wage Hike Would Boost Workers Left Behind by Economic Expansion

New York -- The current proposal in Congress to increase the Federal minimum wage by \$1.50 in 3 steps between now and 2003 would directly benefit more than 520,000 New York workers. "This increase would provide a long-overdue raise for the state's lowest paid workers whose earnings have not kept pace with inflation over the past decade," stated Frank Mauro, Executive Director of the Fiscal Policy Institute.

"Eight years of economic expansion in New York have heaped tremendous wage income and capital gains on the well-to-do, while the wages of low-wage New York workers are 10 percent below, after adjusting for inflation, where they were at the peak of the previous business cycle," Mauro noted. The Fiscal Policy Institute (FPI), with offices in Albany and New York City, studies the state's economic and fiscal situation and has published several reports tracking the economic well-being of New Yorkers.

James Parrott, FPI's Chief Economist, pointed out that, contrary to the belief of some observers, more than two-thirds (72%) of New York's minimum wage workers are adults, nearly half (44.4%) work full-time, and one-third work between 20 and 34 hours a week. Parrott commented, "These workers work hard and play by the rules, but just can't make ends meet at the current minimum wage. The purchasing power of the minimum wage is 30 percent below its peak level in 1968. A full-time minimum wage worker earns \$10,712 a year, only three-fourths of the federal poverty line for a 3-person family."

FPI's Mauro also noted that a minimum wage increase was sorely needed in New York since, among all high-wage states, New York has the lowest minimum wage relative to the average wage level. New York is one of the few high-wage states that does not have a state minimum wage higher than the federal minimum.

FPI's analysis of persons affected by a minimum wage increase was based on data provided by the Economic Policy Institute (EPI). EPI, a Washington, D.C.-based economic research organization, today released a report, *Step Up, Not Out: The Case for Raising the Federal Minimum Wage for Workers in Every State*, that provides data for all 50 states on the number of workers affected by an increase in the minimum wage. The EPI study also presents research that makes it hard to justify allowing states to opt out of the federal minimum wage increase. Data presented in the EPI report show that the last time the minimum wage was increased, it did not hurt workers thought to be most

vulnerable in the labor market (women age 16-25 with a high school education or less). The EPI report also addresses the question of whether the current slowing in the economy should preclude an increase in the minimum wage. When the minimum wage was increased in 1990 and 1991, a period that includes a national economic recession, research cited in the EPI report showed that the wage increase had no negative effects on employment. The EPI report is available (after the embargoed time of 12:00 noon) on the Internet at: <http://www.epi.org/>.

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