



# Numbers that Count

## Which workers will benefit, if the New York minimum wage is raised to \$8.50 an hour?

Raising the state's minimum wage to \$8.50 an hour in January 2013 would benefit about one million New York workers—just over 11 percent of all New York workers.<sup>1</sup>

This number is much greater than the number of workers now paid right at the state and federal minimum wage of \$7.25. It includes a total of 880,000 workers who earned below \$8.50 an hour as of 2011, and an estimated 120,000 workers who earn slightly above \$8.50 an hour who likely would see a wage increase as employers seek to maintain relative wage patterns among their employees.

Sheldon Silver, Speaker of the New York State Assembly, has proposed to increase New York's minimum wage to \$8.50 an hour on January 1, 2013, and to annually adjust the minimum for changes in the Consumer Price Index (CPI) beginning January 2014.<sup>2</sup>

The table on the next page shows the characteristics of New York workers who were paid less than \$8.50 an hour in 2011—for all such workers in the state, and broken out for New York City residents and residents of the residents from the downstate suburban and upstate areas (that is, "balance of state."). All these workers would directly benefit from a minimum wage increase to \$8.50 an hour. The characteristics of the approximately 120,000 workers who were paid \$8.50 an hour or slightly above that in 2011 are not reflected in the table; generally, their characteristics are similar to the under \$8.50-an-hour workers represented in the table.

Women, blacks and Hispanics would be among the main beneficiaries of a higher New York minimum wage, since they are disproportionately represented in low-wage jobs. Statewide, women would account for 55 percent of those affected, blacks and Hispanics together would constitute about 40 percent.

The overwhelming majority of workers who would benefit are adults age 20 and older. Adults account for more than 84 percent of workers who would benefit, and in New York City, more than nine out of every ten minimum wage workers are adults. About half of minimum wage workers statewide are full-time workers, and another third work between half-time and full-time. Only one in six works fewer than 20 hours per week.

An increase in New York's minimum wage would lift the annual wages of full-time minimum wage worker to 95 percent of the 3-person federal poverty line in 2013 (\$18,830). The current \$7.25 hourly minimum translates into just 82 percent of the 3-person federal poverty level. Indexing the minimum wage to the CPI beginning in 2014 would freeze the purchasing power relationship of the minimum wage to the poverty level, since the poverty level is adjusted each year by the CPI. For nearly 20 years (from 1962-1979), the New York minimum wage averaged 108 percent of the 3-person federal poverty line.

What do we know about employers whose workers' pay will rise when the minimum wage is raised? Generally, they operate businesses that serve local markets and do not compete across regional or state

## Characteristics of New York residents earning less than \$8.50 an hour in 2011

	NEW YORK STATE RESIDENTS		NEW YORK CITY RESIDENTS		BALANCE OF STATE RESIDENTS	
<b>All Employed</b>	<b>8,740,800</b>		<b>3,656,100</b>		<b>5,084,700</b>	
	Number earning less than \$8.50 an hour	Percent of all earning less than \$8.50	Number earning less than \$8.50 an hour	Percent of all earning less than \$8.50	Number earning less than \$8.50 an hour	Percent of all earning less than \$8.50
<b>All workers earning less than \$8.50 an hour</b>	880,100	100.0%	352,000	100.0%	528,600	100.0%
<b>Percent of all employed</b>	10.1%		9.6%		10.4%	
<b>Gender</b>						
Male	392,900	44.6%	171,300	48.7%	221,400	41.9%
Female	487,200	55.4%	180,600	51.3%	307,200	58.1%
<b>Race/ethnicity</b>						
White non-Hispanic	458,500	52.1%	77,400	22.0%	384,500	72.7%
Black non-Hispanic	125,000	14.2%	78,200	22.2%	46,000	8.7%
Hispanic	224,900	25.6%	157,600	44.8%	65,400	12.4%
Asian and other	71,700	8.1%	38,700	11.0%	32,700	6.2%
<b>Nativity</b>						
Born in the U.S.	599,700	68.1%	143,000	40.6%	459,900	87.0%
Immigrant	280,400	31.9%	209,000	59.4%	68,700	13.0%
<b>Age</b>						
16 - 19	137,400	15.6%	28,400	8.1%	109,900	20.8%
All 20 and older	742,700	84.4%	323,700	92.0%	418,800	79.2%
<b>Work hours</b>						
1 to 19 hours	148,000	16.8%	19,500	5.5%	129,800	24.6%
20 to 34 hours	297,200	33.8%	93,400	26.5%	204,700	38.7%
35 hours and up	435,000	49.4%	239,100	67.9%	194,200	36.7%
<b>Retail &amp; food service inds.</b>	407,000	46.2%	132,500	37.6%	275,600	52.1%
<b>Service &amp; sales occupations</b>	520,100	59.1%	187,900	53.4%	333,100	63.0%

Note: Estimates for NYS, NYC and Balance of State developed separately; thus, combined total of NYC and Balance of State does not always match NYS total.

Source: FPI analysis of Current Population Survey microdata for 2011 provided by the Economic Policy Institute.



boundaries. A large majority of minimum wage workers are employed in retail trade or in food services or a range of other services that cater exclusively to local customers. Moreover, the increased purchasing power of low-wage workers will pump much-needed spending into local businesses and communities and will create roughly 7,500 new jobs in New York State.

#### Endnotes

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<sup>1</sup> This brief is a supplement to FPI's recent report, *A Welcome Boost for New York: The Case for Raising the Minimum Wage*, January 30, 2012, [http://www.fiscalpolicy.org/FPI\\_BoostTheEconomyBoostTheMinimumWage\\_20120130.pdf](http://www.fiscalpolicy.org/FPI_BoostTheEconomyBoostTheMinimumWage_20120130.pdf).

<sup>2</sup> To implement Silver's proposal, Assemblyman Keith Wright introduced Assembly bill A. 9148, and Senator Jeffrey Klein introduced a companion bill in the Senate, S. 6413.

*About one million New York workers would benefit—the 880,000 workers who earned below \$8.50 an hour as of 2011, plus about 120,000 workers who (while earning slightly above \$8.50 an hour) would likely see a wage increase as employers try to maintain relative wage patterns among their workers.*

The Fiscal Policy Institute is an independent, nonpartisan, nonprofit research and education organization committed to improving public policies and private practices to better the economic and social conditions of all New Yorkers.

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