

Fiscal Policy Institute and National Employment Law Project

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Over 1.5 Million New Yorkers Would Benefit from Gov. Cuomo's Proposed Minimum Wage Increase

*Raising Minimum Wage to \$8.75 per Hour Would Boost GDP by \$840 Million,
Generate 7,300 Full-time Jobs Across the State*

[New report available here](#)

NEW YORK, NY – A minimum wage increase included in Governor Cuomo's budget proposal, released last Tuesday, would raise the paychecks of over 1.5 million low-paid New Yorkers, according to a new report [available at <http://fiscalpolicy.org/wp-content/uploads/2013/01/Raising-New-York-Min-Wage-FPI-NELP.pdf>] from the Fiscal Policy Institute and the National Employment Law Project. The Governor's proposal would raise the state's minimum wage from \$7.25 to \$8.75 per hour on July 1, 2013, and the increased wages would generate more than \$1 billion in new consumer spending, supporting the creation of 7,300 new full-time jobs across the state as businesses expand to meet increased demand. The report also notes that, if after increasing to \$8.75, the minimum wage were phased-up to \$10 per hour, the economic stimulus effects and job creation impact would improve significantly.

According to the report, adults working full-time jobs represent the vast majority of workers who will benefit from the Governor's proposed minimum wage increase: 89 percent of workers affected by the increase will be adults age 20 and over; 87 percent work 20 hours per week or more; 43 percent have at least some college education.

"New York's minimum wage is decades out of date at this point and our state has suffered for it," said **James Parrott, Deputy Director and Chief Economist at the Fiscal Policy Institute**. "The Governor's proposal will help low-wage workers recover some of the purchasing power the minimum wage has lost over the past four decades as the cost of living has steadily increased."

The purchasing power of New York's minimum wage peaked in 1970 and has lost a third of its value since that time as the cost of basic goods has continued to rise: If New York's minimum wage had kept pace with inflation since 1970, it would equal \$11.15 per hour today. Due to legislative inaction, the state's minimum wage remained stagnant for [two nine-year periods](#), from 1981-1990 and from 1991-2000, as the cost of living increased over this time. The state's minimum has increased by only 10 cents in the past six years.

"Low-wage jobs are stunting New York's economic growth and fueling inequality," said **Paul Sonn, Legal Co-Director at the National Employment Law Project**. "With wages continuing to stagnate across the state, raising the minimum wage is a smart way to boost consumer spending and deliver much-needed assistance to working families in New York."

The report shows that many of the state's lowest-paid workers rely on minimum wage jobs to support their families: on average, the workers affected by the proposed wage increase contribute more than 43 percent of their total family income. More than 860,000 children across New York have a parent who will benefit from raising the state's minimum wage to \$8.75.

At \$7.25 per hour, New York's current minimum wage is tied with the federal level and has not increased in over three years. New York lags behind nineteen states across the U.S. (and the District of Columbia) that have already raised their minimum wage above \$7.25 per hour, including the nearby states of Connecticut, Massachusetts, Rhode Island, and Vermont. A [poll](#) released by Siena College on January 17th showed that 83 percent of New Yorkers support the Governor's proposal to raise the minimum wage. Nearly a dozen states, including New Jersey, Maryland, Delaware, Connecticut, Massachusetts, Pennsylvania, Illinois, Minnesota, and California, are expected to consider legislation this year that will raise their state minimum wage rates above \$8.75 per hour.

The report provides estimates of the number of workers in each of New York's 62 counties who would benefit from an increase in the minimum to \$8.75 an hour. A million workers in high-cost New York City and the downstate suburbs would gain, along with more than 10,000 workers in each of 14 upstate counties. In almost every single upstate county, at least 15 percent of the workforce would benefit. Two hundred thousand low-wage workers would benefit in Erie, Monroe, Onondaga, and Albany counties where central cities (Buffalo, Rochester, Syracuse, and Albany) have [poverty rates from 25-37 percent](#).

Low-wage jobs have dominated recent employment growth in New York, furthering inequality in the state and slowing the pace of the recovery. The report shows that New York has seen a net gain of 164,000 jobs in low-wage industries since mid-2008, but a net decline of 140,000 jobs in middle-wage industries and a net decline of nearly 21,000 high-wage jobs over the same period.

A [study](#) by the National Employment Law Project reveals that 66 percent of low-wage workers in the U.S. are employed by large companies rather than small businesses; moreover, 77 percent of the largest low-wage employers have been profitable every year for the past three years and remain in strong financial condition in the post-recession recovery.

A large body of research shows that raising the minimum wage is an effective way to boost the incomes of low-paid workers without reducing employment. A groundbreaking 1994 [study](#) by David Card and Alan Krueger, current chair of the White House Council of Economic Advisers, found that an increase in New Jersey's minimum wage did not reduce employment among fast-food restaurants. These findings have been confirmed by 15 years of economic research, including a 2010 [study](#) published in the *Review of Economics and Statistics* that analyzed data from more than 500 counties along state boundaries and found that minimum wage increases did not cost jobs in areas where wages rose. Another recent [study](#) published in April 2011 in the journal *Industrial Relations* found that even during times of high unemployment, minimum wage increases did not lead to job loss.

The Fiscal Policy Institute is an independent, nonpartisan, nonprofit research and education organization committed to improving policies and practices to better the economic and social conditions of all New Yorkers. For more about FPI, visit www.fiscalpolicy.org. The National Employment Law Project is a non-partisan, not-for-profit organization that conducts research, education and advocacy on issues affecting low-wage and unemployed workers. For more about NELP, visit www.nelp.org and www.raisetheminimumwage.org

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