



\$15 Minimum Wage Would Raise Earnings for 1.1 Million Immigrants

Gains to Immigrants, U.S.-born Workers, and Small Businesses

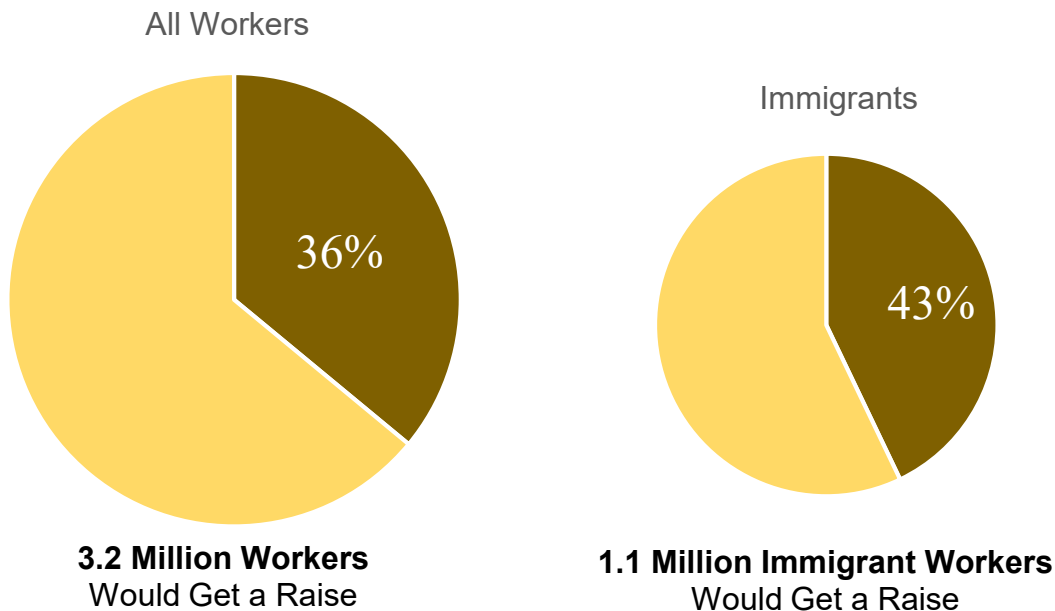
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Gradually raising the New York State minimum wage from its current level of \$9/hour to \$15/hour by 2019 in New York City and mid-2021 in the rest of the state would give a much-needed raise to 1.1 million immigrant workers.¹

In all, there are 3.2 million New York workers who will benefit from the phased-in wage increase, which would on average increase wages by \$4,900 per year. These numbers reflect the workers who would gain once a phased-in minimum wage is fully in place.

Setting a wage floor at \$15/hour will disproportionately benefit immigrants, who are more likely to be in lower-wage jobs than their U.S.-born counterparts. Forty-three percent of all immigrants working in the state would get a raise, as would 36 percent of all workers.

Share of New York State Workers Who Would Get a Raise With a Phased-In \$15 Minimum Wage



Can businesses accommodate this increase? There is a growing recognition on the part of businesses, researchers, and institutional investors that higher wages are key to reducing turnover, improving customer service, and enhancing profitability. Several large employers, including Walmart, Target, Aetna, IKEA and the Gap, are starting to raise wages as a result.² A recent study from Purdue's tourism management school concluded that the fast-food industry

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could accommodate a \$15 an hour minimum wage through savings related to reduced turnover and small price increases not much greater than recent experience.³

And, small businesses, on net, are expected to benefit from a higher minimum wage since, in addition to boosting consumer buying power in low-income communities, data from New York State retail and fast-food sectors show that smaller businesses already pay better than most large companies. That makes a higher minimum wage good news for small business owners in general, and since immigrants make up a disproportionate share of New York's small business owners, good news for immigrants.⁴ A statewide minimum wage increase would apply to all businesses, so no individual small business would be put at a competitive disadvantage.

The workers who would benefit from this increase are significant contributors to their family income. The average share of total family earnings that comes from people who would get a raise from the higher minimum wage is 56 percent for immigrants and 50 percent for all workers. And, 30 percent of all immigrant workers who would benefit from the increase are the sole earners in their family. (The parallel figure for all workers is 27 percent.)

“How can such a major improvement in living standards occur without adverse employment effects?”, asks a recent academic study of the New York proposal? “While a higher minimum wage induces some automation, as well as increased worker productivity and higher prices, it simultaneously increases worker purchasing power.”⁵

The minimum wage increase would be good for immigrants, and it would be good for the New York State economy. As a recent letter from over 75 economists stated, “we believe that a phased-in increase in the New York State minimum wage to \$15 an hour makes sound economic sense: it would be good for the state's workers and their families, good for businesses, and good for the health and sustainability of the overall state economy.”⁶

The Fiscal Policy Institute (www.fiscalspolicy.org) 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. Founded in 1991, FPI works to create a strong economy in which prosperity is broadly shared.

¹ New York State workers in this analysis includes people who work in New York State, including people who commute to work in the state. Analysis of the number of workers affected in New York State was provided to the Fiscal Policy Institute by David Cooper as an extension of his paper: “Raising the New York State Minimum Wage by July 2021 Would Lift Wages for 3.2 Million Workers,” Economic Policy Institute, January 5, 2016. Estimate includes those whose wages would otherwise be below the minimum, and those whose wages are slightly higher and so would also be boosted.

² Lauren Weber, “Why Fund Managers Want Better HR,” The Wall Street Journal, September 8, 2015.

³ See: Christopher Gunn and Thomas Michl, “Higher Wages Serve Up Better Economics for Workers and NY,” Oneida Dispatch, August 18, 2015.

⁴ In 2010, immigrants made up 27 percent of the resident labor force and 29 percent of small business owners in New York State. See: *Immigrant Small Business Owners*, Fiscal Policy Institute, 2012, available at <http://bit.ly/1Pr6tKb>.

⁵ Michael Reich et al, “The Effects of a \$15 Minimum Wage in New York State,” University of California, Berkeley, Center on Wage and Employment Dynamics, March 2016.

⁶ “New York Economists Support a Statewide \$15 Minimum Wage,” March 14, 2016, available at <http://bit.ly/1SLS0iK>.