

## Strengthen Families: Increase the Minimum Wage, Index to Inflation, Include Tipped Workers

New York State (NYS) has the greatest gap between rich and poor in the United States.<sup>1</sup> New York's minimum wage increased to \$8.75 on December 31, 2014 and goes to \$9.00 on December 31, 2015.<sup>2</sup> The Executive Budget proposes increasing the minimum wage in 2016 to \$10.50 in New York State and \$11.50 in New York City, without indexing for inflation.

### Who is Affected?

A single, minimum wage-earning parent of two in New York working a full 40 hours per week, all 52 weeks of the year, has income below the federal poverty level, before accounting for the Earned Income Tax Credit. One out of every five tipped workers in NYS earn less than the state minimum wage of \$8.00 an hour, including tips.<sup>3</sup>

The lowest wage workers and their families benefit from a minimum wage increase:

- 90% of those who would benefit are adults age 20 or older.
- 87% of affected workers are employed 20 or more hours per week.
- Approximately 1.7 million workers would benefit.
- More than half are women.<sup>4</sup>

### Why is this Important?

Raising the minimum wage goes hand in hand with job creation and should be central to an economic recovery agenda. The minimum wage should be increased and indexed to inflation so that it does not continue to fall in real value every year, impacting working families, local businesses and the state economy. Improving wages of low-wage jobs, upon which more families are relying than ever, will help lift families out of poverty and restore consumer spending that is key to strengthening the economy.

### RECOMMENDATIONS FOR 2015-2016

Raise the minimum wage in 2015 and index it to inflation so full time workers do not live in poverty. Currently, 11 states automatically index their minimum wage annually to offset the rising cost of living.<sup>5</sup>

Increase the sub-minimum wage of tipped workers to the state minimum wage. In NYS tipped workers are more than twice as likely to live in poverty as workers in non-tipped occupations.<sup>6</sup>

<sup>1</sup> National Employment Law Project, "Raise the Minimum Wage" <http://raisetheminimumwage.org/pages/new-york-key-facts-on-assembly-bill-9148>

<sup>2</sup> New York State Department of Labor, "Minimum Wage" <http://www.labor.ny.gov/workerprotection/laborstandards/workprot/minwage.shtm>

<sup>3</sup> Apurva Mehrotra, "New York's Tipped Workers and the Sub-Minimum Wage," October 2014, Community Service Society.

<sup>4</sup> Fiscal Policy Institute and National Employment Law Project, "Raising New York's Minimum Wage: The Economic Benefits and Demographic Impact of Increasing New York's Minimum Wage to \$9.00 per Hour With Indexing" March 2013. <http://fiscalpolicy.org/wp-content/uploads/2013/03/FPI-NELP-Analysis-of-9-00+-Indexing-NY-Min-Wage-Mar-13-20131.pdf>

<sup>5</sup> National Conference of State Legislatures, "State Minimum Wages: 2014 Minimum Wage by State" <http://www.ncsl.org/research/labor-and-employment/state-minimum-wage-chart.aspx>

<sup>6</sup> Apurva Mehrotra, "New York's Tipped Workers and the Sub-Minimum Wage," October 2014, Community Service Society.