



**THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER**

TESTIMONY OF NEW YORK CITY COMPTROLLER
SCOTT M. STRINGER

BEFORE MEMBERS OF THE
FAST FOOD WAGE BOARD
NEW YORK STATE DEPARTMENT OF LABOR

JUNE 15, 2015

Good morning, members of the Board. My name is Tim Mulligan and I am the Deputy Comptroller for Budget for the City of New York, and I am here today representing Comptroller Scott M. Stringer.

Thank you for giving me this opportunity to testify today on a matter of great urgency -- and that is the need to raise the minimum wage for over 180,000 food service workers who work in New York City.

We also want to thank Governor Cuomo for his leadership in convening this board and setting an example for the rest of the nation to follow.

The economic rationale for increasing the minimum wage for all New York City workers – not just fast food workers – is profound.

For starters, when adjusted for the cost-of-living, New York City's minimum wage is the lowest of any major city in the nation – we are at the very bottom.

In April, our office released an analysis showing that a phased-in \$15 minimum wage would put an additional \$10.2 billion into the pockets of New York City workers, benefiting some 1.4 million people by that year.

Fast-food workers would make up a sizable share of those who benefit. Recently, we did an additional analysis on this growing sector for the purposes of this hearing, and here's some of what we found:

- Over the past 15 years, food service employment in the City has grown at an annual rate of 3.9 percent, and that pace is increasing. Over the past five years alone, the rate of growth has accelerated to 7 percent annually.
- In April 2015, there were over 280,000 people employed in the City's food service sector.
- Increasing the pay of these workers to \$15/hour would boost their earnings by approximately \$1.3 billion annually – almost 13 percent of the total \$10.2 billion impact on all low-wage workers in the City.

Today, low-wage workers are not teenagers looking for some pocket money while living at home with their parents; they are increasingly adults of all ages trying to make a life for themselves and their families. The estimated average age of food service workers that would benefit is approximately 33 years old.

And I would add -- roughly 70 percent of the New York City food service workers who would benefit from an increased wage are Hispanic or Black.

Undoubtedly, wage increases impact businesses, but in assessing the scale of that impact it is important to realize the size and economic structure of the fast food industry.

According to the National Employment Law Project, the largest publicly-traded fast-food restaurant chains operating in New York State made \$9.3 billion in annual profits world-wide last year—an increase in real profits of 14.5 percent between 2010 and 2014. And yet, during that same period, real hourly wages for workers in fast food restaurants nationally fell by 4 percent.

Meanwhile, as workers struggle to make ends meet, fast food CEOs have been enjoying sky-high compensation. In 2013, McDonalds' CEO made \$10 million. That means in a single day, the CEO took home more money than a minimum wage worker earns in over three years.

It's not just McDonalds. The differential between C.E.O. and worker pay in fast food is higher than in any other domestic economic sector.

While the GOP Congress continues to oppose a broad-based increase in the minimum wage, private sector executives are taking matters into their own hands, recognizing that increasing wages isn't a zero-sum game: it's a proven way to improve morale, reduce turnover, and boost the bottom line.

At the beginning of the year, Aetna CEO Mark Bertolini announced that all of his employees would soon earn at least \$16/hour. "If we take better care of them, they'll take better care of our customers." This conscientious capitalism extends to small businesses like Brooklyn Brine, where all employees earn at least \$16 an hour.

To that end, I urge this Board to hear the stories of people who work in the food service industry, and to raise the wage to at least \$15 an hour, putting New York where it belongs: at the forefront of providing dignity and a livable wage to all workers.