



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

TESTIMONY OF NEW YORK CITY COMPTROLLER  
SCOTT M. STRINGER  
IN SUPPORT OF INCREASING THE STATE MINIMUM WAGE  
TO \$15 PER HOUR FOR ALL WORKERS

TO MEMBERS OF THE  
NEW YORK STATE SENATE STANDING COMMITTEE ON LABOR

JANUARY 7, 2016

Thank you to Chair Martins, Senator Peralta, and members of the Senate Committee on Labor for holding this public hearing to examine the overall impact increasing the statewide minimum wage to \$15 per hour would have on workers, employers, and the economy as a whole.

Raising the minimum wage is one of the single most effective tools we have to attack income inequality in New York, and there is no reason to delay an increase to \$15 per hour. A \$15 minimum wage would put billions into the pockets of working families who need it the most and spur economic growth in our state.

Last September, the State Department of Labor's Wage Board enacted a \$15 minimum wage for fast food workers phased in over three years in New York City and six years for the rest of the state, and I applaud Governor Cuomo's leadership in raising the wage for all state workers—including those working at the State University of New York (SUNY)—to at least \$15 an hour on a similar schedule. However, while these were important steps, we must boost the minimum wage for all working New Yorkers, particularly at a time of stagnant wages and rising costs.

As of 2013, New York State had the second-highest level of income inequality in the nation, with the top 1 percent of wage earners taking home 31.8 percent of all income, the highest of any state.<sup>1</sup> An analysis by my office found that from 2007 to 2015, average weekly earnings of New York City workers have grown at only a 1 percent annual rate.<sup>2</sup> Furthermore, while the City has powered the State's job growth in recent years, many of those jobs have been low-paying, which has only exacerbated income inequality.<sup>3</sup>

Meanwhile, day to day expenses for New Yorkers continue to rise. In New York City, the cost of a 30-day MetroCard is up 85 percent since 2000, more than twice the rate of inflation,<sup>4</sup> and water rates have risen more than 190 percent.<sup>5</sup>

Moreover, as my report on the state of New York City's affordability housing crisis found, median apartment rents across the five boroughs soared 75 percent from 2000-2012, far outpacing the rest of the country.<sup>6</sup> During the same period, real incomes of New Yorkers declined as the nation struggled to emerge from two recessions.

There is no silver bullet to the structural issues plaguing the American economy. We need greater access and equity in higher education and workforce development, improved infrastructure, and smart regulation that fosters business growth rather than curtailing it.

But the cornerstone of an economy of shared prosperity is a simple recognition of the value of a hard day's work. By raising the minimum wage in New York State to \$15 an hour, we will strengthen economic security for working families as well as the economic foundation of the Empire State. Last April, my office released an analysis showing that a phased-in \$15 minimum wage would put an additional \$10.2 billion into the pockets of 1.46 million workers in New York City alone.<sup>7</sup>

This \$10.2 billion would be distributed across more than 1 million New York City households, an average increase of about \$10,000 per household. A significant portion of these funds would

flow directly into communities and New York City households could be expected to spend annually an additional:

- \$1 to \$2 billion on housing,
- \$300 to \$600 million on groceries,
- \$200 to \$400 million on entertainment, and
- \$200 to \$300 million at restaurants and other food service establishments.

But a statewide \$15 minimum wage would be felt far beyond the five boroughs.

The Economic Policy Institutes estimates that 3.2 million New Yorkers statewide would be impacted by a \$15 per hour minimum wage. Women and people of color are disproportionately impacted because of their prevalence in low-wage jobs. Fifty-three percent of affected workers are women and 40 percent are African American or Latino. Contrary to popular opinion, low-income jobs are not primarily the province of young people living with their parents. Rather, as EPI found, 76 percent of workers impacted by a \$15 minimum wage are 25 years of age or older.<sup>8</sup>

Raising the minimum wage would also reduce spending on certain social safety net programs. My office estimates that public spending on programs such as Supplemental Nutrition Assistance Program (SNAP) and Medicaid would decline by \$200 to \$500 million annually.

Households receiving additional income from the increased minimum wage would also be expected to pay approximately \$250 million in additional New York City income taxes and \$900 million in addition Social Security and social insurance contributions.

Many have expressed concerns about the impact on business. However, an increasing number of private sector executives have recognized that increasing wages isn't a zero-sum game: it's a proven way to improve morale, reduce turnover, and boost the bottom line. Larger companies, including Aetna, Facebook and Amalgamated Bank, have recognized the benefits to increasing wages and have raised wages for their employees and/or contracted workers to \$15 per hour or more.<sup>9</sup>

Many smaller businesses also realize that raising wages is both good for business and good for workers. For instance, Brooklyn Brine—a pickle manufacturer in Sunset Park— pays workers at least \$16 an hour. CEO Shamus Jones has said, “What we gain from paying a higher wage is coworker retention. This is a growing business, and we want everyone to come along for the ride.”

Ultimately, economic research shows that past increases in federal or state minimum wages have not had a meaningful impact on employment levels. Rather, raising the minimum wage is associated with increased earning for workers, reduced turnover, and increased business productivity.<sup>10</sup>

No New Yorker who works full time should have to live in poverty. Let's put New York where it belongs: at the forefront of providing dignity and a livable wage for all. Thank you to the Senate Labor Committee for your attention to this issue.

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<sup>1</sup> <http://www.census.gov/content/dam/Census/library/publications/2014/acs/acsbr13-02.pdf>;  
[http://www.shsu.edu/eco\\_mwf/inequality.html](http://www.shsu.edu/eco_mwf/inequality.html).

<sup>2</sup> [http://comptroller.nyc.gov/wp-content/uploads/documents/State\\_of\\_Citys\\_Economy\\_Finances\\_2015.pdf](http://comptroller.nyc.gov/wp-content/uploads/documents/State_of_Citys_Economy_Finances_2015.pdf)

<sup>3</sup> <http://nelp.org/content/uploads/Growing-Movement-for-15-Dollars.pdf>; According to the Bureau of Labor Statistics, six of the fastest growing occupations in America are also low-wage jobs. This includes retail sales employees, food preparation and service workers, janitors, nursing assistants, personal care aides, and laborers and freight movers.

<sup>4</sup> [http://www.bls.gov/data/inflation\\_calculator.htm](http://www.bls.gov/data/inflation_calculator.htm)

<sup>5</sup> [http://www.nyc.gov/html/nycwaterboard/html/rate\\_schedule/index.shtml](http://www.nyc.gov/html/nycwaterboard/html/rate_schedule/index.shtml)

<sup>6</sup> [http://comptroller.nyc.gov/wp-content/uploads/documents/Growing\\_Gap.pdf](http://comptroller.nyc.gov/wp-content/uploads/documents/Growing_Gap.pdf)

<sup>7</sup> [http://comptroller.nyc.gov/wp-content/uploads/documents/Minimum\\_Wage\\_NYC\\_April\\_2015.pdf](http://comptroller.nyc.gov/wp-content/uploads/documents/Minimum_Wage_NYC_April_2015.pdf)

<sup>8</sup> <http://www.epi.org/publication/raising-new-york-state-minimum-wage-to-15/>

<sup>9</sup> <http://nelp.org/content/uploads/Growing-Movement-for-15-Dollars.pdf>

<sup>10</sup> <http://www.irlle.berkeley.edu/workingpapers/157-07.pdf>