

Comparison: Gov. Hochul's Minimum Wage Proposal vs. the Raise the Wage Act

Summary

In her January 10th State of the State address, Governor Kathy Hochul called for raising New York's minimum wage—which in New York City has been stalled at \$15 an hour since 2019—and which has been rapidly falling in value as New York and the nation have faced the highest inflation in 40 years. The Governor called for automatically adjusting the minimum wage each year starting in 2024 so that it will keep up with rising prices in the future. By contrast, New York State legislators and a broad coalition of workers, labor, community, and businesses, [Raise Up New York](#), are calling for first significantly raising New York's minimum wage to \$21.25 downstate and \$20 upstate by 2026, and after that automatically increasing it each year to keep up with a combination of rising prices and worker productivity. That legislation, known as the Raise the Wage Act, S.1978/A.2204, is sponsored by Senate Labor Committee Chair Jessica Ramos, and Assembly Labor Committee Chair Latoya Joyner.

This policy brief presents data from the Economic Policy Institute comparing the benefits for New York workers under the Governor's minimum wage proposal versus the proposed Raise the Wage Act. It also compares the scale and impact of the two proposals to New York's 2016 \$15 minimum wage legislation.

The Economic Policy Institute's data shows that:

- Only about 1 in 8 workers state-wide would receive raises under the Governor's plan as compared to 1 in 3 New York workers under the legislature's plan. That translates to only about 1/3 as many workers receiving raises under the Governor's proposal as compared to under the Raise the Wage Act: 1.1 million versus 2.9 million.
- Governor Hochul's proposal will result in much smaller raises than the Raise the Wage Act. The Governor's proposal would deliver just a \$670 annual raise, or \$13 more each week, as of 2026 for the average full-time New York worker. That's 1/5 the size of the \$3,300 annual raise, or \$63 more each week, that the Raise the Wage Act would secure for workers by 2026.
- The Raise the Wage Act proposal is similar in scale of impact to New York's 2016 \$15 minimum wage: both raise pay for about 1 in 3 workers, and deliver raises of more than

\$3,000 a year once fully phased in. By contrast, the Governor’s proposal is much smaller (yielding only a \$670 average annual raise).

- Governor Hochul’s proposal would not deliver significant (i.e., greater than inflation) raises for underpaid New Yorkers. Instead, it would lock in New York’s current, eroded minimum wage, and make sure it does not continue to erode further as inflation increases in future years.
- By contrast, the Raise the Wage Act would deliver significant minimum wage increases by raising the wage to where it would have been if it had not been frozen since 2019, but instead had been increased consistently each year to keep up with rising prices and worker productivity gains.
- The size of the average raises each year under the Governor’s proposal are expected to be about 3% (the level of projected inflation in the coming years). By contrast, the raises under the Raise the Wage Act would average 12% per year. The 12% increases proposed in the Raise the Wage Act are in roughly the same range as were those implemented under New York’s 2016 minimum wage legislation, which spanned from 19% to 7% depending on region and industry. The Governor’s proposed increases are much smaller, by contrast.

Analysis

Comparison of Minimum Wage Rates Under the Two Proposals. Table 1 compares the projected minimum wage rates for 2024 through 2026 under the Governor’s proposal and the Raise the Wage Act. Our analysis projects the expected 2024, 2025, and 2026 minimum wage rates under the Governor’s plan using current estimates for inflation in coming years as measured by the Consumer Price Index (CPI-W NE). Those estimates assume that inflation will be 4.1% in 2023, and 2.5% each year in 2024 and 2025.

Those inflation rates translate to the following expected minimum wage increases under Governor Hochul’s proposal: a 60 cent raise in 2024, and 35 or 40 cent raises each year for 2025 and 2026, which would leave the minimum wage at \$16.40 downstate and \$15.55 upstate by 2026.

By contrast, the Raise the Wage Act—which would restore the value of New York’s minimum wage before starting automatic annual adjustments in 2027—would deliver much larger raises, averaging about \$2.00 each year, reaching \$21.25 by 2026 downstate, and \$20.00 upstate.

Table 1. Comparison of Projected Minimum Wage Rates Under Gov. Hochul's Minimum Wage Proposal and the Raise the Wage Act

| | Gov. Hochul's Minimum Wage Proposal | | Raise the Wage Act | | Difference | |
|------|-------------------------------------|---------|----------------------------|---------|----------------------------|---------|
| | NYC, Long Island & Westch. | Upstate | NYC, Long Island & Westch. | Upstate | NYC, Long Island & Westch. | Upstate |
| 2023 | \$15.00 | \$14.20 | \$15.00 | \$14.20 | | |
| 2024 | \$15.60 | \$14.80 | \$17.25 | \$16.00 | \$1.65 | \$1.20 |
| 2025 | \$16.00 | \$15.15 | \$19.25 | \$18.00 | \$3.25 | \$2.85 |
| 2026 | \$16.40 | \$15.55 | \$21.25 | \$20.00 | \$4.85 | \$4.45 |

Comparison of Size of Minimum Wage Increases Under the Two Proposals. Table 2 compares the average size of the annual minimum wage increases in the two proposals—and compares them to the scale of increases the last time New York raised the minimum wage in the 2016 \$15 minimum wage legislation.

The comparison shows that the raises proposed by Governor Hochul average about 3% per year (the expected average rate of inflation in upcoming years), while those in the Raise the Wage Act average about 12% per year. By comparison, the increases in the 2016 minimum wage legislation averaged between 7% and 19% per year, depending on the region of the state. Overall, the 12% increases proposed in the Raise the Wage Act are roughly in the same range as were those under the 2016 increase (except for the 2016 upstate New York raises, which averaged 7%). The very modest upstate raises under the 2016 legislation were criticized by many as inadequate—and were a concession demanded by the then-Republican majority in the state senate. By contrast, Governor Hochul’s proposed increases are much smaller than those in New York’s 2016 legislation.

Table 2. Comparison of Average Annual Minimum Wage Increases Under Gov. Hochul Proposal, Raise the Wage Act, and 2016 \$15 Minimum Wage

| Table 2. Comparison of Average Annual Minimum Wage Increases Under Gov. Hochul Proposal, Raise the Wage Act, and 2016 \$15 Minimum Wage | | | | | | | | | | |
|--|--|-----|------------------------|-----|--|----------------------------|-----|---------|-----|-------------------|
| | Gov. Hochul's Minimum Wage Proposal | | | | | Raise the Wage Act | | | | |
| | NYC, Long Island & Westch. | | Upstate | | | NYC, Long Island & Westch. | | Upstate | | |
| 2023 | \$15.00 | | \$14.20 | | | \$15.00 | | \$14.20 | | |
| 2024 | \$15.60 | 4% | \$14.80 | 4% | | \$17.25 | 15% | \$16.00 | 13% | |
| 2025 | \$16.00 | 3% | \$15.15 | 2% | | \$19.25 | 12% | \$18.00 | 13% | |
| 2026 | \$16.40 | 2% | \$15.55 | 3% | | \$21.25 | 10% | \$20.00 | 11% | |
| Average | 3% | | | | | 12% | | | 12% | |
| NYS 2016 \$15 Minimum Wage Law | | | | | | | | | | |
| | NYC - ERs with 11+ EEs | | NYC - ERs with <10 EEs | | | NYC, Long Island & Westch. | | Upstate | | Upstate Fast Food |
| 2015 | \$9.00 | | \$9.00 | | | \$9.00 | | \$9.00 | | \$9.00 |
| 2016 | \$11.00 | 22% | \$10.50 | 17% | | \$10.00 | 11% | \$9.70 | 8% | \$10.75 |
| 2017 | \$13.00 | 18% | \$12.00 | 14% | | \$11.00 | 10% | \$10.40 | 7% | \$11.75 |
| 2018 | \$15.00 | 15% | \$13.50 | 13% | | \$12.00 | 9% | \$11.10 | 7% | \$12.75 |
| 2019 | | | \$15.00 | 11% | | \$13.00 | 8% | \$11.80 | 6% | \$13.75 |
| 2020 | | | | | | \$14.00 | 8% | \$12.50 | 6% | \$15.00 |
| 2021 | | | | | | \$15.00 | 7% | \$13.20 | 6% | |
| Average | 19% | | 14% | | | 9% | | 7% | | 11% |

Source: <https://www.ny.gov/sites/default/files/atoms/files/MinimumWageFlyer.pdf>

Policy Differences Between the Two Proposals. The substantial difference between the Governor’s proposal and the legislature’s is that the Governor’s would not deliver significant (i.e., greater than inflation) increases in the minimum wage. It would only ensure that New York’s minimum wage does not erode further because of inflation. But it would thus not address the significant erosion that the downstate minimum wage has undergone since 2019.

By contrast, the Raise the Wage Act would increase the eroded \$15 minimum wage significantly to restore it to where it would have been if it had increased each year since 2019 to keep pace with a combination of inflation, as measured by the Consumer Price Index, plus growth in worker productivity.

That approach—increasing the minimum wage each year to keep up with a combination of inflation plus worker productivity growth—is the same one that Governor Hochul’s Division of the Budget (DOB) and Department of Labor (DOL) successfully used to increase New York’s upstate minimum wage in 2022 and 2023. Under New York’s 2016 \$15 minimum wage legislation, DOB and DOL have authority to determine the increase in the upstate minimum wage each year until it reaches \$15. DOB published reports in 2021¹ and 2022² recommending increases based on the combination of inflation plus productivity growth.

This best practice ensures not only that workers’ paychecks maintain their purchasing power—but also that when there are gains in worker productivity, that workers too share in those benefits. This approach has resulted in steady, moderate increases in the upstate wage of 70 cents in 2022, and \$1.00 in 2023. The Raise the Wage Act would use that same approach to first update the value of New York’s minimum wage since 2019, and then adjust it each year going forward starting in 2027.

Comparison of the Impact of the Two Proposals. Figures 1 and 2 compare the impact of Governor Hochul’s minimum wage proposal and the Raise the Wage Act in terms of the size of the average raise that workers would receive, and the number of workers who would receive raises. These estimates include both directly affected workers (those currently earning less than the new higher minimum wage whose pay would be raised up to the new wage level), as well as indirectly affected workers (those earning up to 15% more than the new minimum wage, who research shows typically receive smaller raises when the minimum wage goes up and employers adjust their pay scales).

Figure 1 shows that Governor Hochul’s proposal will result in a \$670 average annual raise, or only \$13 more each week, as of 2026 for an average full-time worker. That very small increase doesn’t begin to make a dent in the spiraling costs that families are facing.

The Raise the Wage Act, by contrast, would deliver a much larger average raise of more than \$3,300 per year, or \$63 more each week, by 2026. That’s five times the size of the Governor’s proposed raise and is enough to cover some of the increased cost of groceries for a family.

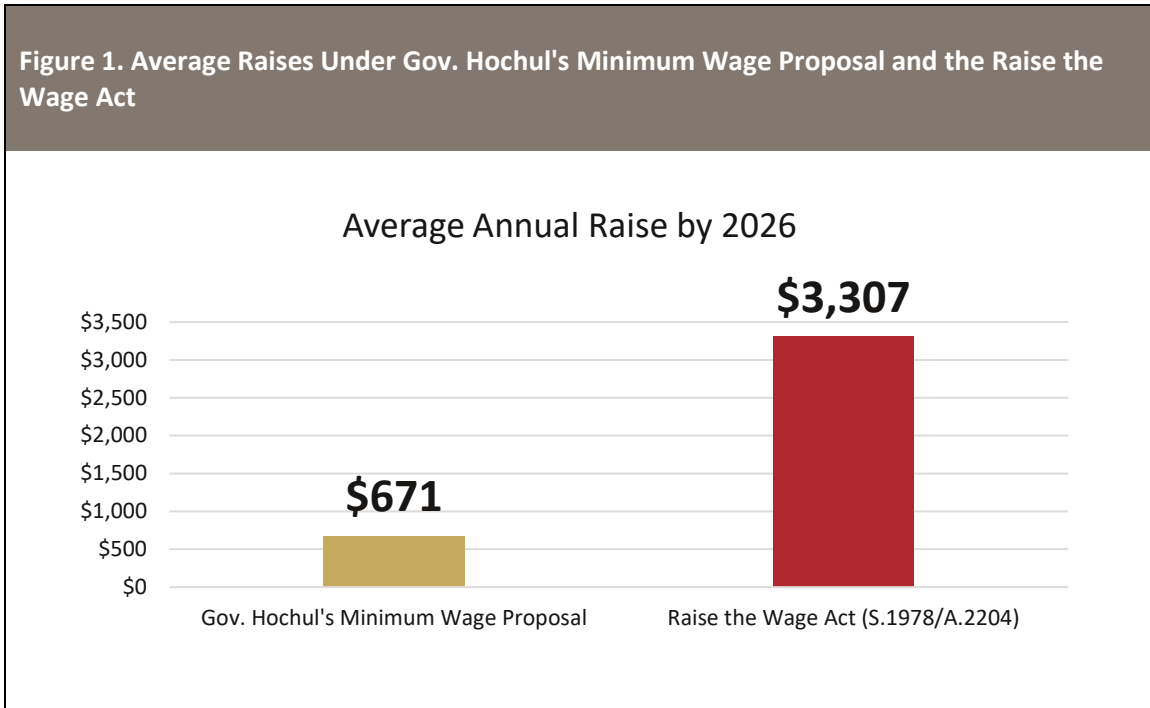
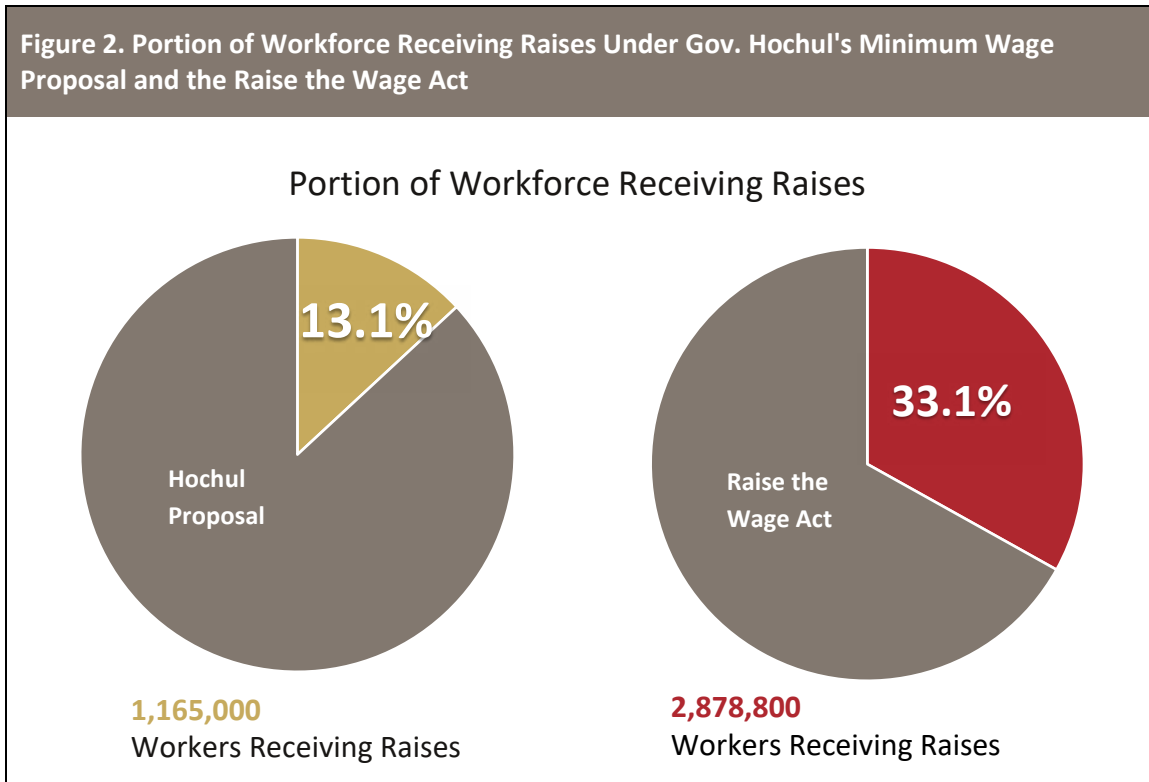


Figure 2 compares the number of workers receiving raises under each proposal. Governor Hochul's proposal would deliver raises for about 1.1 million New York workers. That translates to about 13.1% of New York's workforce or about 1 in 8 workers.

By contrast, the Raise the Wage Act would result in an average raise of \$3,300 for 2.9 million workers. That translates to 33.1% of New York's workforce or 1 in 3 workers.



The legislature's proposal is very similar in scale of impact to New York's 2016 \$15 minimum wage legislation. Once fully phased in, the \$15 minimum wage was projected to raise pay for up to 36% of New York's workforce and deliver an average raise of approximately \$4,000 per year.³ By contrast, the governor's proposal is much smaller.

Table 3 provides a more detailed comparison of the two minimum wage proposals, breaking down the average raises under each in New York City, Long Island and Westchester County, and upstate.

Table 3. Detailed Comparison of Impact of Gov. Hochul's Minimum Wage Proposal to the Raise the Wage Act

| Gov. Hochul's Minimum Wage Proposal | | | | | | | | | | | |
|--|------------------------------|---------|------------------------------------|------------------------------|-----------|----------------------|-----------|----------------------|---------|----------------------|---------|
| | Projected Minimum Wage Rates | | Number of Workers Receiving Raises | | | | | Average Annual Raise | | | |
| | NYC, Long Island & Westch. | Upstate | Statewide | Share of Statewide Workforce | NYC | Long Island & Westch | Upstate | Statewide | NYC | Long Island & Westch | Upstate |
| 2023 | \$15.00 | \$14.20 | | | | | | | | | |
| 2024 | \$15.60 | \$14.80 | | | | | | | | | |
| 2025 | \$16.00 | \$15.15 | | | | | | | | | |
| 2026 | \$16.40 | \$15.55 | 1,165,000 | 13.1% | 570,200 | 215,500 | 379,400 | \$671 | \$710 | \$660 | \$620 |
| Raise the Wage Act (S.1978/ A.2204) | | | | | | | | | | | |
| | Projected Minimum Wage Rates | | Number of Workers Receiving Raises | | | | | Average Annual Raise | | | |
| | NYC, Long Island & Westch. | Upstate | Statewide | Share of Statewide Workforce | NYC | Long Island & Westch | Upstate | Statewide | NYC | Long Island & Westch | Upstate |
| 2023 | \$15.00 | \$14.20 | | | | | | | | | |
| 2024 | \$17.25 | \$16.00 | | | | | | | | | |
| 2025 | \$19.25 | \$18.00 | | | | | | | | | |
| 2026 | \$21.25 | \$20.00 | 2,878,800 | 32.45% | 1,369,600 | 504,900 | 1,004,300 | \$3,307 | \$3,698 | \$3,489 | \$2,682 |
| Difference—How Much Less Workers Will Receive Under Gov. Hochul's Minimum Wage Proposal Than Under the Raise the Wage Act | | | | | | | | | | | |
| | Projected Minimum Wage Rates | | Number of Workers Receiving Raises | | | | | Average Annual Raise | | | |
| | NYC, Long Island & Westch. | Upstate | Statewide | Share of Statewide Workforce | NYC | Long Island & Westch | Upstate | Statewide | NYC | Long Island & Westch | Upstate |
| 2024 | \$1.65 | \$1.20 | | | | | | | | | |
| 2025 | \$3.25 | \$2.85 | | | | | | | | | |
| 2026 | \$4.85 | \$4.45 | 1,713,800 | 19% | 799,400 | 289,400 | 624,900 | \$2,636 | \$2,988 | \$2,829 | \$2,062 |
| Source: Economic Policy Institute Minimum Wage Simulation Model; see Technical Methodology by Dave Cooper, Zane Mokhiber, and Ben Zipperer. https://www.epi.org/publication/minimum-wage-simulation-model-technical-methodology/ | | | | | | | | | | | |

Conclusion

In summary, Governor Hochul’s minimum wage proposal would deliver much smaller raises for a much smaller group of workers than would the Raise the Wage Act. Moreover, the larger raises for far more workers under the Raise the Wage Act are very similar in scale to those that New York successfully implemented under its path-breaking 2016 \$15 minimum wage legislation—highlighting that the Raise the Wage Act is the scale of response that New York workers need to address the cost-of-living crisis that is eroding the value of the wages of the state’s working families.

For more background on the Raise the Wage Act proposal, see Fact Sheet: [New York State Should Gradually Raise the Minimum Wage to More Than \\$21 an Hour by 2026 to Restore Its Value and Families’ Incomes](#).

Data Sources. The Economic Policy Institute (EPI)’s analysis of the impact of the two proposals uses the Economic Policy Institute Minimum Wage Simulation Model.⁴ [EPI’s analysis of the impact of the Raise the Wage Act minimum wage proposal was published in December 2022](#). This brief supplements that analysis with new data from EPI on the impact of Governor Hochul’s minimum wage proposal. To compare the two current minimum wage proposals to New York’s \$15 minimum wage, the brief uses [EPI’s 2016 analysis of the impact of the proposed \\$15 minimum wage](#)

Endnotes

¹ N.Y.S. Div. of the Budget, “Report on New York’s Minimum Wage Increases Scheduled for 2022” (Sept. 22, 2021), *supra*.

² N.Y.S. Div. of the Budget, “Report on New York’s Minimum Wage Increases Scheduled for 2023” (Sept. 30, 2022), available at

<https://dol.ny.gov/system/files/documents/2022/10/minimum-wage-2023.pdf>

³ David Cooper, Economic Policy Institute, “Raising the New York state minimum wage to \$15 by July 2021 would lift wages for 3.2 million workers” (Jan. 5, 2016), available at

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

⁴ See Dave Cooper, Zane Mokhiber, and Ben Zipperer, Economic Policy Institute, “Minimum Wage Simulation Model Technical Methodology” (Feb. 16, 2019), available at

<https://www.epi.org/publication/minimum-wage-simulation-model-technical-methodology/>