

Minimum Wage + Indexing Fact Sheet

“Raise Up New York”

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Workers in New York are facing the highest inflation in 40 years, but for many, wages have been frozen since 2018. S3062C (Ramos) / A7503B (Joyner) would address this by scheduling annual adjustments to the minimum wage. The wage would increase according to an index that pegs the minimum wage to both the consumer price index and gains in labor productivity.

This bill would restore the value of the minimum wage throughout New York. In New York City, the minimum wage has been frozen at \$15.00 an hour for large employers since 2018, and since 2019 for small employers.¹ But under this bill, the minimum wage in New York City would increase to \$20.45 by 2025 to keep pace with inflation and compete with comparable metropolitan areas across the country.²

The minimum wage in New York State varies according to region. Westchester, Nassau, and Suffolk Counties only increased to \$15.00 in 2021.³ The rest of New York State updated to \$13.20, up from \$12.50 in 2020.⁴ S3062C / A7503B would preserve these regional differences. The wage on Long Island and in Westchester would reach \$17.95 by 2025; in greater New York State, it would increase to \$15.75.

22.9% of the workforce would benefit from this bill directly or indirectly, with an average increase of \$2,179 in annual wages.⁵ Of those 2 million workers, 69.9% are people of color and 55.2% are women.⁶ Without legislative action, the minimum wage will not increase beyond \$15.00 in any part of New York State.⁷

A. New York City needs to catch up, as its minimum wage has been frozen since 2018

By accounting for the past and planning for the future, New York City will reach \$20.45 an hour by 2025.⁸ Governor Hochul’s Division of the Budget and Department of Labor recently adjusted the minimum wage in upstate New York using a formula that considers worker

¹ See generally Minimum Wage Act, NY Labor Law § 652 (2020).

² See generally PRACTICAL LABOR LAW AND EMPLOYMENT, STATE AND LOCAL MINIMUM WAGE CHART (2022), Westlaw.

³ *Id.* at (1)(b)

⁴ *Id.* at (1)(c); see also *New York State’s Minimum Wage*, NEW YORK STATE [hereinafter *New York State’s Minimum Wage*],

[https://www.ny.gov/new-york-states-minimum-wage/new-york-states-minimum-wage#:~:text=The%20Minimum%20Wage%20Act%20\(Article,they%20reach%20%2415.00%20per%20hour](https://www.ny.gov/new-york-states-minimum-wage/new-york-states-minimum-wage#:~:text=The%20Minimum%20Wage%20Act%20(Article,they%20reach%20%2415.00%20per%20hour) (last visited Apr. 11, 2022).

⁵ 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/>

⁶ *Id.*

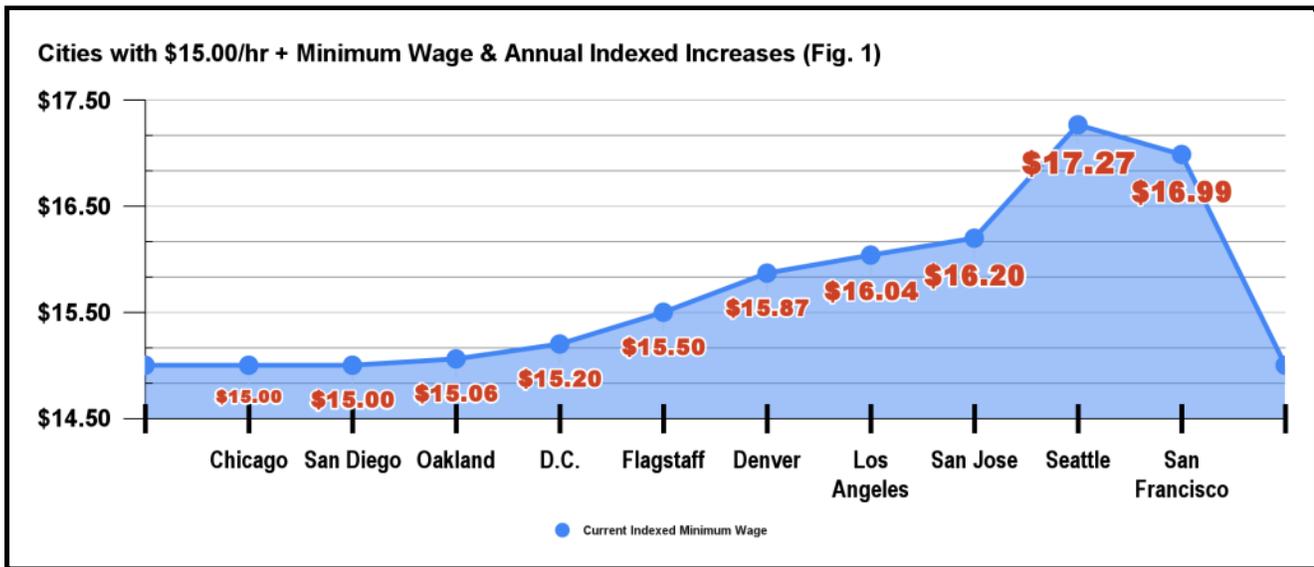
⁷ *New York State’s Minimum Wage*, *supra* note 4.

⁸ *Id.*

productivity and inflation.⁹ Applying the same formula retroactively to 2018 and going forward will allow the minimum wage in New York City to catch up - and keep up.

The minimum wage in New York City has been frozen at \$15.00 for 4 years for large employers.¹⁰ If New York City’s minimum wage had been adjusted using the State’s indexing method for upstate, it would be 16% higher today.¹¹ The value of New York City’s minimum wage will continue to erode, unless Albany lawmakers act.¹² S3062C / A7503B would address inflation going forward, and restore the value of the city’s minimum wage.

In doing so, New York City would keep pace with similar metropolitan areas: “33 [Thirty-three] cities and counties now have wages above \$15 an hour as of January 2022, and 11 more will pass \$15 later in 2022.”¹³



B. Indexing is commonly used to adjust the minimum wage for the cost of living

Indexing is a mechanism for “automatically adjusting the minimum wage on an annual basis.”¹⁴ Cost of living adjustments are especially important given recent inflation¹⁵ and because wages have not kept up with worker productivity, which has increased by as much as 3.5 times

⁹ N.Y. STATE DIVISION OF THE BUDGET, REPORT ON NEW YORK’S MINIMUM WAGE INCREASES SCHEDULED FOR 2022 10 (2021).

¹⁰ NY Labor Law § 652(1)(a)(i) (“(a) New York City. (i) Large employers. Every employer of eleven or more employees shall pay to each of its employees for each hour worked in the city of New York a wage of not less than: . . . \$15.00 per hour on and after December 31, 2018 . . .”).

¹¹ Estimate by James Parrott, Director of Economic and Fiscal Policies, Center for New York City Affairs, New School University.”

¹² *Id.* (“[T]he value of the \$15 minimum wage will continue to fall as consumers struggle with the rising cost of necessities.”).

¹³ James Parrott Memorandum 2022, *supra* note 7, at 2.

¹⁴ OREN M. LEVIN-WALDMAN, THE CASE OF THE MINIMUM WAGE: COMPETING POLICY MODELS 179 (2001).

¹⁵ *Id.*

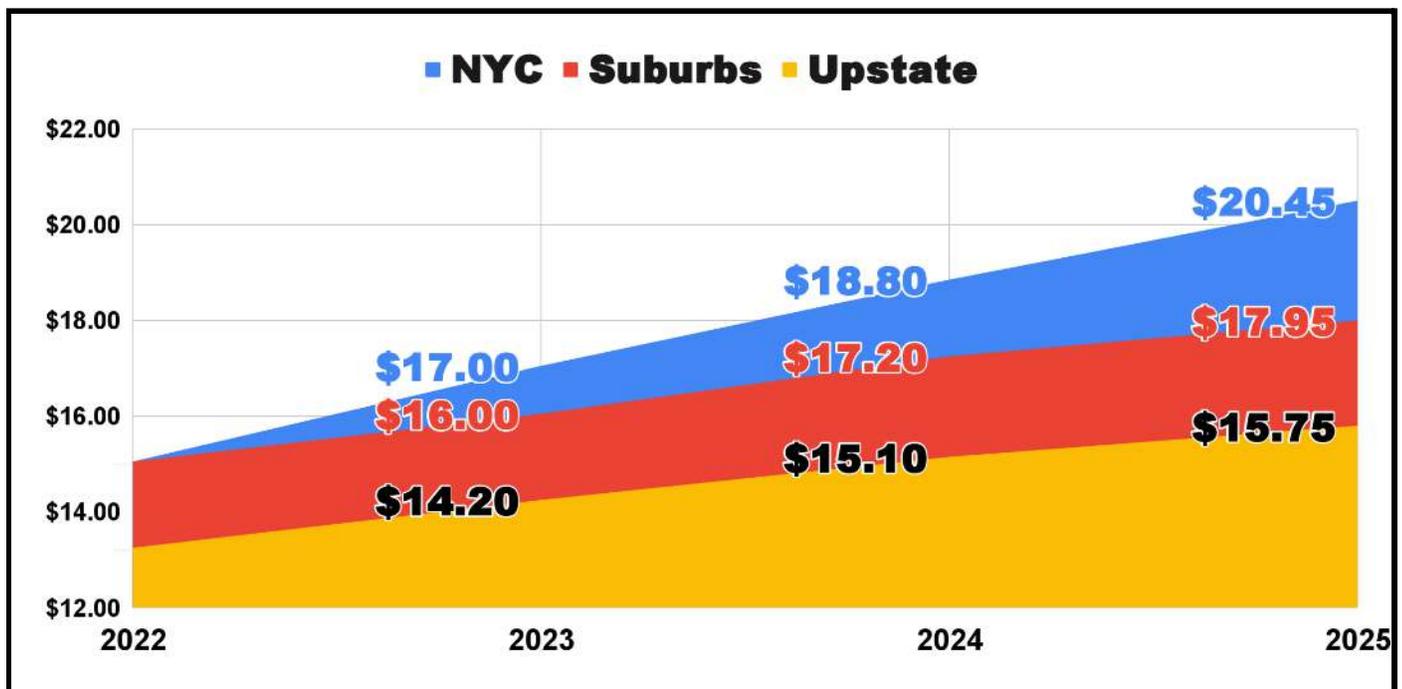
since 1979.¹⁶ Indexing is also valuable because the legislature does not need to act for the wage to update each year: it “take[s] the politics out of the minimum wage.”¹⁷

S3062C / A7503B takes the formula currently used to calibrate the upstate minimum wage and applies it throughout New York State, pegging the minimum wage to both CPI and labor productivity. This approach ensures that workers’ paychecks reflect their fair share, and the impact of inflation.

As of Jan 1, 2022, there are 19 states that index their minimum wage,¹⁸ governed by leadership from both the Republican and Democratic parties.¹⁹ Indexing helps create a robust wage and maintains a permanent, flexible structure for minimum wage earners.²⁰

C. Fixed increases will allow for an easy transition to an indexed wage

This bill provides a predictable, 4-year transition period. The wage would increase in each region of New York State by a fixed amount in 2023, 2024, and 2025. Automatic, indexed adjustments begin in 2026.



¹⁶ Lawrence Misheel, *Growing Inequalities, Reflecting Growing Employer Power, Have Generated a Productivity–Pay Gap Since 1979*, ECON. POL’Y INST. (Sept. 2, 2021, 11:33 AM), <https://www.epi.org/blog/growing-inequalities-reflecting-growing-employer-power-have-generated-a-productivity-pay-gap-since-1979-productivity-has-grown-3-5-times-as-much-as-pay-for-the-typical-worker/>.

¹⁷ LEVIN-WALDMAN, *supra* note 11, at 179.

¹⁸ *Minimum Wage Tracker*, ECON. POL’Y INST., https://www.epi.org/minimum-wage-tracker/#/min_wage/ (last visited Apr. 10, 2022).

¹⁹ LEVIN-WALDMAN, *supra* note 11, at 179.

²⁰ *Id.*