

New York State Should Gradually Raise the Minimum Wage to More Than \$21 an Hour by 2026 to Restore Its Value and Families' Incomes

New Yorkers need wages they can live on. But with prices rising at the fastest pace in 40 years, the value of New York's current \$15 minimum wage—which has not increased since late 2018—has already fallen by 15% and will fall by more than 30% by 2026 unless the legislature acts. In addition, New York's eroding minimum wage is reversing the significant reductions in poverty and earnings inequality achieved by the \$15 minimum wage.

The [Raise Up New York \(RUNY\) coalition](#) and underpaid workers across the state are calling on lawmakers to enact the [Raise the Wage Act](#)¹ to restore New York's minimum wage. Albany needs to “catch up” the minimum wage to where it would be if it had been updated every year since it hit \$15—and to then adjust the minimum wage each year going forward so that it keeps up with rising prices and gains in labor productivity. The [Raise the Wage Act](#) would deliver just that and raises of more than \$3,300 a year for 2.9 million workers state-wide, including 1.8 million workers of color and 1.6 million women.

The Numbers: How the Raise the Wage Act Would Restore New York's Minimum Wage

To restore New York's minimum wage and ensure that it does not fall behind again, the Raise the Wage Act would increase the minimum wage as detailed below in Table 1. Specifically, it would:

- Gradually increase the minimum wage in New York City, Long Island, and Westchester County to \$21.25 by January 2026—which would restore the value of the 2019 \$15 minimum wage to where it would have been if it had been adjusted each year to keep pace with the rising cost of living [as measured by the Consumer Price Index (CPI-W)], and labor productivity growth [as measured by national labor productivity (output per hour)].
- Gradually increase the minimum wage upstate (defined as all counties except for New York City, Westchester, and Long Island's Nassau, and Suffolk Counties) to \$20 by January 2026.

- Then, in January 2027, the upstate rate would catch up to the state-wide minimum wage, which would be annually increased starting in 2027 by the Department of Labor (DOL) using the same formula that the Division of the Budget (DOB) and DOL are currently using to adjust upstate New York’s minimum wage each year until it reaches \$15.
- As discussed below, that formula updates the minimum wage each year so that it keeps up with BOTH the rising cost of living and increases in labor productivity—a best practice for ensuring that the minimum wage does not fall behind again, and that workers share in the benefits of productivity increases.

Table 1. New York Minimum Wage Increases				
		New York City	Suburbs	Upstate
Past & Current Rates	Jan. 2022	\$15.00	\$15.00	\$13.20
	Jan. 2023	\$15.00	\$15.00	\$14.20
Increases Under Raise the Wage Act	Jan. 2024	\$17.25	\$17.25	\$16.00
	Jan. 2025	\$19.25	\$19.25	\$18.00
	Jan. 2026	\$21.25	\$21.25	\$20.00
	Jan. 2027	\$21.25 + indexing*	\$21.25 + indexing*	\$21.25 + indexing*
		*Annual indexing based on the New York State Division of Budget/Department of Labor formula, which combines the previous year’s increase, if any, in the Consumer Price Index (CPI-W) and workforce productivity [national labor productivity (output per hour)], both as calculated each year by the U.S. Department of Labor’s Bureau of Labor Statistics ²		

The Background: Why New York Needs to Restore Its Minimum Wage and How Its \$15 Minimum Wage Led to Historic Reductions in Poverty and Inequality

New York, where the Fight for \$15 in 2012 began, led the nation in 2016 as one of the first states to approve a \$15 minimum wage. New York’s 2016 minimum wage legislation raised the state minimum wage from \$9 to \$15 by 2019 in New York City—and more gradually in the suburbs and upstate. Those increases resulted in large gains in worker earnings, and the largest reductions in poverty in 50 years (especially in New York City) —at the same time that New York continued to enjoy strong job growth.

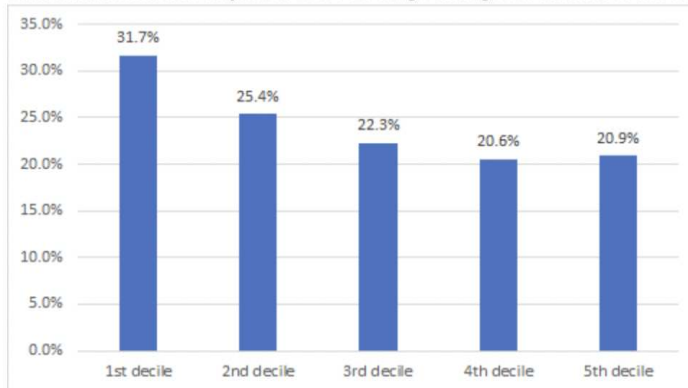
Large earnings gains. As estimated at the time by the Economic Policy Institute,³ New York’s \$15 minimum wage:

- Raised pay for 3.2 million workers statewide, including 1.4 million workers in New York City—about 35% of the city workforce

- Delivered an average raise of \$4,800 for those workers once fully phased in

As James Parrott detailed in his March 2022 report, “Full Employment and Raising Wages: New York City’s Twin Economic Challenges in Emerging from the Pandemic” (Parrott Report),⁴ those wage increases resulted in very substantial, inflation-adjusted increases in pay for the bottom 50% of New Yorkers. Figure 3 from the Parrott Report, which is reproduced below, illustrates those wage gains:

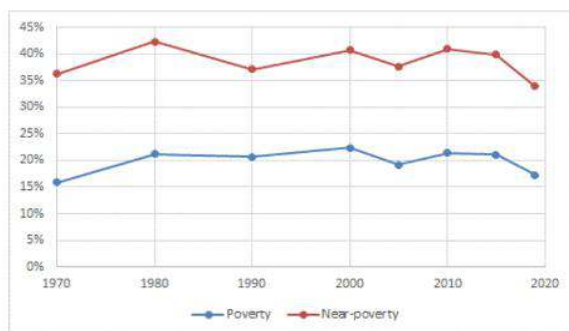
Figure 3
Substantial inflation-adjusted 2014-19 wage change for deciles in the bottom half



Source: New York City Mayor’s Office for Economic Opportunity, *New York City Government Poverty Measure 2019*, December 2021.

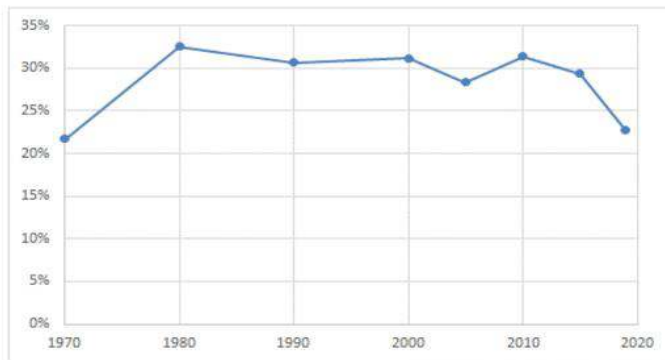
Largest poverty reduction in 50 years. During this period, New York City also saw historic reductions in poverty. Three measures of poverty—the federal poverty standard, child poverty, and near poverty (defined as 200% of the federal poverty threshold)—all declined more during the 2010-2019 period—and chiefly during 2016-2019— than over the preceding fifty years. As Figures 7 and 8 from the Parrott Report reproduced below show, all three of these measures dipped slightly from 2010-2015 as New York implemented small increases in its minimum wage from \$7.25 to \$9.00. However, these measures then dropped rapidly from 2016 to 2019, as New York phased in the \$15 minimum wage.

Figure 7
NYC poverty and near-poverty declined more in the past decade than at any time in the past half-century



Source: CNYCA analysis of Census and American Community Survey data from IPUMS.

Figure 8
Child poverty fell by one-quarter from 2010 to 2019 (31 to 23 percent)



Source: CNYCA analysis of Census and American Community Survey data from IPUMS.

Employment was not impacted. When New York raised its minimum wage to \$15, opponents predicted that it would reduce job growth in the state—predictions they make every time the minimum wage has increased. However, two careful analyses of the impact show that New York’s higher wages raised pay without reducing employment.

First, a 2019 study by James Parrott and Lina Moe from the New School’s Center for New York City Affairs, and Yannet Lathrop from the National Employment Law Project examined New York City’s restaurant industry⁵—the sector where wages increased most because of the minimum wage raise. It found that:

- Earnings for restaurant workers rose dramatically—between 15-23 % for full-service restaurant workers and between 26-30 % for limited-service restaurant workers
- At the same time, job growth in New York City’s restaurant sector was generally stronger than in 12 comparable large U.S. cities that did not raise the minimum wage, and the restaurant industry saw average annual sales growth of 6.6%

Second, a 2019 study by the Federal Reserve Bank of New York⁶ examined job growth along the New York-Pennsylvania border—comparing New York counties with neighboring Pennsylvania counties where the minimum wage did not increase and therefore was several dollars an hour lower. That study similarly finds:

- Earnings grew more in the New York counties
- No evidence of any adverse effect on employment levels

This research is in line with the bulk of recent rigorous research on the impact of minimum wage increases—which has found little evidence of resulting job loss.⁷

New York’s \$15 Minimum Wage is now Rapidly Eroding—Putting at Risk the Historic Income Gains and Reductions in Poverty that it Delivered

New York’s minimum wage is stalled while prices are skyrocketing. While in 2016 New York led the nation as one of the first states to adopt a \$15 minimum wage, the minimum

wage has been flat in New York City since 2019. At the same time, the costs of housing and living have sky-rocketed and the state's workers are not able to make ends meet as a result. The value of New York City's \$15 minimum wage has already fallen 15% and is projected to fall by more than 30% by 2026 unless the legislature acts.

The falling minimum wage is eroding the progress on poverty and income inequality achieved by the Fight for \$15. This steep decline in the minimum wage is reversing the historic reductions in poverty and earnings inequality that the state achieved with the \$15 minimum wage. And even once inflation returns to more typical levels, workers will continue to lose real wages if the minimum wage remains stagnant.

New York's wage has fallen so far that places like Fresno and Yakima will now have higher minimum wages. During this time New York has fallen behind the many other cities and states that are raising their minimum wages well beyond \$15. California recently approved raising the minimum wage for fast food workers to up to \$22. About fifty cities and counties and two states already have minimum wages above \$15—and a growing group will have minimum wages of more than \$17 or \$18 an hour.⁸ The fact that places like Yakima, Washington and Fresno, California now have higher minimum wages than New York City shows how far pay has fallen in the state.

New York Needs to Catch the Minimum Wage Back Up to Where it Would Have Been if it had Been Adjusted Steadily Since it Hit \$15—Which Means Raising it to \$21.25 by 2026, and by 2027 Upstate

Restore New York City's minimum wage by raising it to \$21.25 by 2026. To restore the poverty and income-inequality reduction benefits that New York enjoyed under its \$15 minimum wage before it eroded, the value of the minimum wage needs to be “caught back up” to where it would have been if it had been adjusted steadily each year since 2019 to keep pace with rising prices and workforce productivity gains. That translates to raising the minimum wage to \$21.25 an hour by 2026.

Raise the minimum wage in the suburbs at the same pace—since it is also stalled at \$15 and living costs there are very high. Under New York's 2016 minimum wage legislation, the then Republican-controlled state senate demanded separate wage scales for New York City; suburban Westchester, Nassau, and Suffolk Counties; and for upstate New York. Wages in the suburbs phased in more slowly and did not reach \$15 until December 2021. However, because the minimum wage in the suburbs—Nassau, Suffolk, and Westchester Counties—is also stalled at \$15 and those regions have housing and living costs that are almost as high as New York City, the minimum wage there should now increase at the same pace—and should also reach \$21.25 by 2026.

Raise the upstate minimum wage at a slower pace, but eventually catch it up to the state-wide rate. The minimum wage in the remainder of the state should also eventually catch up with the state-wide rate, but at a slower pace since the minimum wage has not yet reached \$15 there. The legislation would gradually increase the upstate wage to \$20 by 2026, and then have it catch up with the state-wide rate by 2027.

Once the Minimum Wage is Restored to \$21.25, it Needs to be Automatically Adjusted or “Indexed” Going Forward so that it Doesn’t Fall Behind Again

Unless New York “indexes” its minimum wage, meaning that it is automatically adjusted each year (as many states do), it will fall behind again. Once the minimum wage across the state catches up, it must be automatically adjusted or “indexed” each year so that it doesn’t fall behind again. That’s the approach nineteen states and Washington, D.C. are already using to keep their minimum wages up to date. Those states are: Alaska, Arizona, California, Colorado, Connecticut, Florida, Maine, Michigan, Minnesota, Missouri, Montana, Nebraska, New Jersey, Ohio, Oregon, South Dakota, Vermont, Virginia, and Washington State. Moreover, only three of those nineteen states – California, Minnesota, and Vermont – place a cap on the maximum size of inflation-based annual adjustments, as Governor Hochul recently proposed. The other sixteen states have never found that adjusting their minimum wages to fully keep pace with rising prices has been difficult for employers or resulted in increases that were too large.

New York is already using a model indexing formula for adjusting the upstate minimum wage and should expand it to the rest of the state. Governor Hochul’s Division of the Budget and Department of Labor—which under the state’s current minimum wage law must adjust upstate New York’s minimum wage each year until it reaches \$15—are currently using a model indexing formula that adjusts wages to keep up with increases in both the cost of living and labor productivity. The Division of the Budget and Department of Labor recommended this approach in a thorough report in September 2021⁹ and then again in September 2022.¹⁰ This approach has resulted in moderate increases in the upstate wage of 70 cents in 2022 and \$1.00 in 2023.

New York’s current upstate indexing approach ensures that the minimum wage keeps up with both rising prices and worker productivity gains. In the past, workers have not shared in the gains as labor productivity has increased. If the minimum wage had kept pace with productivity growth since 1968, it would have been \$21.50 in 2020.¹¹ The DOB and DOL’s formula is a best practice that ensures that underpaid workers’ paychecks maintain their purchasing power—and that when workers help produce gains in productivity, that they too share in those benefits. It should be made permanent and expanded state-wide.

Raising and Indexing New York’s Minimum Wage Would Deliver Raises for 2.9 Million Workers, Including 1.8 Million Workers of Color and 1.6 Million Women

Analysis by the Economic Policy Institute¹² shows that:

- Raising New York’s minimum wage as provided for in the Raise the Wage Act would raise pay for **over 2.9 million workers across the state—32% of the state’s workforce.**
- The majority of workers receiving raises would be **women (55%) and workers of color (61%).**
- The overwhelming majority (71%) would be **adults 25 or older.**
- **Full-time workers** also make up a majority (63%) of affected workers.
- **Parents of young children** comprise more than 1 in 4 (28%) of affected workers.
- Once fully phased in by 2026, the average worker would receive **more than a \$3,300 increase in annual earnings.**

New York Voters in all Regions of the State Overwhelming Support Raising the Minimum Wage to More than \$20 an Hour

A December 2022 poll of New York voters by Data for Progress¹³ shows that:

- **80% of voters state-wide** support raising New York’s minimum wage to \$21.25 in New York City, Long Island, and Westchester County, and to \$20 upstate by 2026.
- Support is strong in all regions of the state including **87% in New York City; 89% in the Hudson Valley; 74% in Long Island; 74% in the Finger Lakes; and 67% in Western New York.**
- Support is strongly bipartisan including **65% of Republicans, 82% of Independents, and 89% of Democrats.**
- This support is even stronger than the **59% of New York voters who in 2015 backed the \$15 minimum wage** that the legislature and Governor Cuomo enacted the following year.¹⁴

Endnotes

- ¹ S3062D (Ramos)/A7530C (Joyner) (2021-2022 session bill numbers; assignment of new 2023-2024 session bills numbers still pending), available at <https://www.nysenate.gov/legislation/bills/2021/s3062/amendment/original>
- ² N.Y.S. Div. of the Budget, “Report on New York’s Minimum Wage Increases Scheduled for 2022” (Sept. 22, 2021), available at https://dol.ny.gov/system/files/documents/2021/09/minimum_wage_final_report_092221.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 James Parrott, Center for New York City Affairs at the New School, “Full Employment and Raising Wages: New York City’s Twin Economic Challenges in Emerging from the Pandemic” (Mar. 2022), available at <https://static1.squarespace.com/static/53ee4f0be4b015b9c3690d84/t/6230d7b8bbf28f0a1935b600/1647368121675/CNYCA+Twin+Challenges+Mar+11%2C+2022.pdf>
- ⁵ Lina Moe, James Parrott and Yannet Lathrop, Center for New York City Affairs at the New School and National Employment Law Project, “New York City’s \$15 Minimum Wage and Restaurant Employment and Earnings” (Aug. 2019), available at <http://www.centernyc.org/new-york-citys-15-minimum-wage>
- ⁶ Jason Bram, Fatih Karahan, and Brendan Moore, Liberty Street Economics, Federal Reserve Bank of New York, “Minimum Wage Impacts along the New York-Pennsylvania Border,” (Sept. 25, 2019), available at <https://libertystreeteconomics.newyorkfed.org/2019/09/minimum-wage-impacts-along-the-new-york-pennsylvania-border/>
- ⁷ Holly Sklar, Business for a Fair Minimum Wage, “Research Shows Minimum Wage Increases Do Not Cause Job Loss” (updated Sept. 2022), available at <https://www.businessforafairminimumwage.org/news/00135/research-shows-minimum-wage-increases-do-not-cause-job-loss>
- ⁸ Yannet Lathrop, National Employment Law Project, “Raises from Coast to Coast in 2023” (Dec. 2022), available at <https://www.nelp.org/publication/raises-from-coast-to-coast-in-2023/>
- ⁹ N.Y.S. Div. of the Budget, “Report on New York’s Minimum Wage Increases Scheduled for 2022” (Sept. 22, 2021), *supra*.
- ¹⁰ 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>
- ¹¹ Center for Economic and Policy Research, “This Is What the Minimum Wage Would Be Like If It Kept Pace with Productivity” (Jan. 21, 2020), available at <https://cepr.net/this-is-what-minimum-wage-would-be-if-it-kept-pace-with-productivity/>, cited in N.Y.S. Div. of the Budget, “Report on New York’s Minimum Wage Increases Scheduled for 2022” (Sept. 22, 2021), *supra*.
- ¹² Sebastian Martinez Hickey, Economic Policy Institute, “Proposed New York state minimum wage legislation would boost wages for nearly 2.9 million workers” (Dec. 14, 2022), available at <https://www.epi.org/blog/proposed-new-york-state-minimum-wage-legislation-would-boost-wages-for-nearly-2-9-million-workers-minimum-wages-would-range-by-region-from-20-to-21-25-per-hour-by-2026/#:~:text=Proposed%20Raise%20Up%20New%20York,%2420%20an%20hour%20by%202026.>
- ¹³ Data for Progress, “New Yorker Voters Support a Higher Minimum Wage” (Jan. 9, 2023), available at <https://www.dataforprogress.org/blog/2023/1/9/new-york-voters-across-the-state-demand-a-higher-minimum-wage>
- ¹⁴ Siena College Research Institute, “New Yorkers Support \$15 Minimum Wage 59-38 Percent” (Sept. 24, 2015), available at <https://scri.siena.edu/2015/09/24/new-yorkers-support-15-minimum-wage-59-38-percent/>