



NEW YORK STATE SENATOR

Jeffrey D. Klein

\$600 MILLION ECONOMIC BOOST FROM MINIMUM WAGE INCREASE, SENATOR KLEIN REPORT SHOW

JEFFREY D. KLEIN March 29, 2012



Raising Minimum Wage Expected to Create 4,800 New Job

NEW YORK, NY-- New York State will see an infusion of \$600 million in economic activity and a net creation of 4,800 new jobs if the state's minimum wage is raised to \$8.50 an hour, according to a new report unveiled Sunday by Senator Jeffrey D. Klein (D-Bronx/ Westchester).

The analysis, prepared with the help of the Economic Policy Institute, a Washington D.C. based non-partisan think tank, found that much like eight other states that recently raised their minimum wage, New York is primed to experience an economic boost from such an increase.

“This report shows that money in the pockets of minimum wage earners ultimately means a greater demand for additional jobs,” said Senator Klein. “Raising the minimum wage is not only the right thing to do for the thousands of New Yorkers who are struggling to make ends meet every week, it also benefits New York State as a whole.”

The increase to \$8.50 an hour will boost the wages of affected workers by roughly \$950 million -- \$600 million of which will be almost immediately spent on goods and services. This economic activity is expected to result in the creation of an estimated 5,200 new full time jobs, adding approximately 4,800 new workers to payrolls across New York.

Klein currently sponsors legislation (S.6413/ A.9148) with Assemblyman Keith Wright (D-Manhattan) and Assembly Speaker Sheldon Silver (D-Manhattan) to raise the minimum wage to \$8.50 an hour and peg New York's minimum wage to the rate of inflation in future years.

Senator Klein and Assemblyman Wright released the report with the support of Retail, Wholesale and Department Store Union (RWDSU), the Working Families Party, and others.

“Retail is one of the fastest-growing low-wage sectors of our economy. It's where the positive impact of a higher minimum wage in New York will be seen and felt quite dramatically,” said Stuart Appelbaum, President of the Retail, Wholesale and Department Store Union (RWDSU), UFCW. “Too many retail workers are barely surviving today. But if they earn more through a minimum wage increase, they will spend the additional income quickly on basic necessities, which will boost businesses and help create new jobs. Raising the minimum wage is really a win-win for everyone. That's why the idea is so popular.”

The report also highlights that while New York's minimum wage has remained stagnant, increased costs for housing, food and utilities have resulted in decreased buying power for minimum wage earners.

During nearly every year from 1960-1980, New York maintained a minimum wage average of 108% of the three-person federal poverty level. This stands in stark contrast to today, where declining purchasing power has forced the statewide minimum wage to drop to below 82% of the poverty level.

Since 2004, staple food items - like milk, bread and cheese - have experienced double digit price increases.

Since 2007:

Home heating oil costs have increased 45%
Gas has increased 43%
Rent has increased 10 % in the New York City Metro Area.

"The time has come to promote fairness and dignity for thousands of hard working New Yorkers," said Senator David Carlucci, (D-Rockland/ Orange). "These folks deserve a break, and even more so, deserve to know that they can afford to make ends meet. Passing an increase in the minimum wage will provide this much needed safety net and build a stronger economy."

"We are a state where we allow people to work, but not make enough to survive," said Senator Diane Savino (D-Staten Island/ Brooklyn.) "As this report shows, by raising the floor of prosperity, we will also be raising the ceiling."

"Low wages in New York mean bigger paychecks for CEOs and bigger profits for giant corporations but they're bad for New York" said Andres Kwon, minimum wage campaign director at the Working Families Party. "Poverty wages are holding back our economic recovery. New York needs a raise."