BEFORE THE NEW YORK STATE SENATE
STANDING COMMITTEE ON LABOR

PUBLIC HEARING

TO EXAMINE THE OVERALL IMPACT INCREASING THE STATEWIDE MINIMUM WAGE TO $15/HOUR WOULD HAVE ON WORKERS, EMPLOYERS, AND THE STATE AS A WHOLE

Legislative Office Building
Van Buren Hearing Room A - 2nd Floor
Albany, New York 12247

January 7, 2016
11:00 a.m. to 3:30 p.m.

PRESIDING:

Senator Jack M. Martins
Chair

PRESENT:

Senator Kathleen A. Marchione

Senator Bill Perkins

Senator Diane J. Savino

SENATOR MARTINS: Good morning.

Please rise, join me in the pledge of allegiance. We'll get started.

(All participating in and present at the hearing recite, as follows:)

"I pledge allegiance to the flag of the United States of America and to the Republic for which it stands, one nation under God, indivisible, with liberty and justice for all."

SENATOR MARTINS: Thank you.

Good morning, everyone.

Thank you very much for being with us this morning on this very important issue.

We have a rather aggressive agenda today, with a wide array of speakers.

I want to thank everyone who has agreed to participate, because we have, obviously, important issues to discuss.

To start us off, we have George Gresham, who is the president of 1199 SEIU.

[Applause.]

SENATOR MARTINS: Mr. Gresham, please, please.

Now, I have to ask you --

GEORGE GRESHAM: Sure.

SENATOR MARTINS: -- always bring a fan club?

[Laughter.]

GEORGE GRESHAM: Don't leave home without them.

SENATOR MARTINS: Absolutely. Good for you.

It's good to see you.

Thank you for being here.

Obviously, this is an important topic that affects all of us.

GEORGE GRESHAM: Yes, sir.

SENATOR MARTINS: Now, I had an opportunity to review your testimony previously.

GEORGE GRESHAM: Yes.

SENATOR MARTINS: And, you know, obviously, I think we all come from similar backgrounds, and we can all relate to issues in our past, in our lives, our parents' lives, and we can all relate back to these issues that we're discussing here today.

GEORGE GRESHAM: Yes.

SENATOR MARTINS: Let me just tell you a couple of things before I ask you to start.

GEORGE GRESHAM: Okay.

SENATOR MARTINS: I'm absolutely sure I speak for all of my colleagues here.

We believe deeply in the dignity of work.

We believe deeply in the dignity of people being able to support their families through labor.

GEORGE GRESHAM: Yes.

SENATOR MARTINS: And the dignity that comes from receiving a paycheck and being able to provide for yourself.

GEORGE GRESHAM: Yes, sir.

SENATOR MARTINS: That's part of this discussion.

GEORGE GRESHAM: Yes.

SENATOR MARTINS: So with that --

GEORGE GRESHAM: Very good.

SENATOR MARTINS: -- I ask you to relay your comments to the Committee.

And for yourself and for everyone else who will be testifying here today, we have your testimony. So if you can avoid reading it, that's great. Let's have a discussion, and let's go.

God bless.

GEORGE GRESHAM: Can you hear me now?

SENATOR MARTINS: Yes, sir.

GEORGE GRESHAM: Okay.

So maybe I'll -- I will avoid reading it, and -- but I'm just going to look at some bullets to make sure I don't forget any important points or leave out any important points.

(Comments from audience members being made.)

GEORGE GRESHAM: People can't hear me?

SENATOR SAVINO: Unfortunately, it doesn't move. I think it's kind of permanent.

GEORGE GRESHAM: Well, I think we'll try it.

First of all, good morning to the Panel.

And I want to thank you, Senator Martins, for convening this very important hearing.

Just as you said before I got started, this is so important to the residents of New York.

This issue itself is important all around the country, but to the residents of New York, when we found out that, if we were to get the Legislature to agree to raise the minimum to $15, that 3 million individuals would immediately get an increase, that, to me, is not a choice, not a choice, in making sure that people are able to take care of their families.

There are, if you will, so many in our -- and I'll try to stay away from my script, because I think something like this can be easily spoken from the heart, and I don't think I'm going to miss any important major points to this.

You know, I've witnessed -- I originally was born in the South.

My parents moved to New York from the South, not because we didn't come from a beautiful hometown, not because we didn't enjoy living in the South, but because my parents could not make a decent living in order raise a family.

And, so, we shared the experience of the migration from the South, like many folks did in the '50s and the '60s, and similar to what's happening now with immigrants coming to this country, in order to make a decent living.

And one of the things that I have learned over this time is that people are willing to work very hard, to do jobs that most people wouldn't even consider doing, in order to take care of their families, in order to make sure that the next generation of their family are able to do a little bit better than them.

That has always been the American dream.

But somehow, in modern times, with -- I must say, with the grief that exists here, we find that working people are working two and three jobs just to take care of their families.

When that happens, we also find that the children of those parents are being raised not by the parents, but by the streets, because there's no one at home to give them the guidance.

I have with me today Ms. Gibbs who is a home-care worker, who works extremely hard on a daily basis to take care of her client. And then, at the end of the day, is not able to take care of her family unless she were to have a second job.

As you said, our own life experiences get caught up in this.

I am the son of a home-care worker. My mother was a home-care worker in the state of New Jersey.

And when we went home to visit her during the holidays, there were never a holiday that she didn't ask one of her four children to drive her to her client's house to make sure that they would have Thanksgiving dinner, or whatever the occasion was. She would take food from our table to bring to them to make sure that they had a decent holiday as well.

And that's not something you do for extra credit, but it's something that you do because of the calling and your care for humanity.

But it's very sad, very sad, when that person then can't take care of their own family.

And so we are compelled today to ask the

State, to ask the Legislators, to consider the $15 minimum increase.

Now, you're going to hear lots of testimony today that is going to tell you that the people, when they receive this money, this money is going to spur the economy, that people immediately will spend it.

They will spend it before they even get it, to be quite honest, because of the compelling nature of the finances that they have at home.

And so you're going to hear lots of testimony about that.

You're going to hear, I'm sure, testimony as to "why 15?" as if that is some magical number.

And, in fact, it isn't a magical number, and you will hear testimony to that.

You know, I will say that, back when Franklin Delano Roosevelt, proud resident of New York, initiated the minimum wage, if it had kept up with inflation, it would actually be $15 an hour at this point on a national level.

And as we know, the cost of living in New York is even higher than a national level.

But, to me, the concept of a minimum wage should never be, How little can we pay a person to get work done? But, rather, what is the minimum standard that one needs in order to take care of their family for an honest day's pay?

[Applause.]

SENATOR MARTINS: Let me just intercede for one second.

GEORGE GRESHAM: Sure.

SENATOR MARTINS: And I appreciate the point, but I'm going to ask everyone to, please, let's not do that; and I'll tell you why.

Because we're going to have many people up here discussing many issues today, and some of those we all may agree with, some of those we may not, and I do not want this to become interactive.

This is a forum for the Committee to be able to listen, ask questions, and, hopefully, inform public policy.

I don't want to have that kind of interaction because it may interfere with our ability to have that kind of a discussion.

I appreciate it --

GEORGE GRESHAM: Understood.

SENATOR MARTINS: -- and I just would ask that everyone please -- just, please, keep it to yourselves.

I understand that it's there. I think we all do.

But for purposes of our discussion here, let's keep it to a minimum.

So, thank you.

GEORGE GRESHAM: I understand that.

And I'm certainly, at least the folks that have come and are interested with me, will follow that.

We had been misinformed.

We were told that the one who makes -- gets the loudest applause gets to win the decision.

SENATOR MARTINS: Oh.

[Laughter.]

SENATOR MARTINS: Wow.

Well, I guess we're done here.

[Laughter.]

GEORGE GRESHAM: So, you know, Dr. King, we often like to brag that we were Dr. King's favorite union.

Those weren't our words. Those were his words.

And he met with us six weeks before he was assassinated, and gave a speech to 1199, which he called us "the conscience of the labor movement."

And he used -- he wanted us to be a model for the rest of the labor movement.

But in that speech he spoke about two Americans, and he talked about the dignity of work.

And he said in his speech that there is no such thing as menial work. That all honest work has dignity and pride. That the only thing that could make it menial is the compensation you get or you don't get for doing the work.

And so we are here today to say that, in this land of milk and honey there ought not be any menial work. That all work, honest work, comes with a certain amount of dignity and pride.

There's no better feeling than to know you can take care of your family.

Now, my father, as I said, and mother, came to New York in order to better take care of their family.

And, quite honestly, this is not a plug for the union, but, my father, basically, did every possible job you could imagine in order to take care of his family.

The first was live-in domestics for a very wealthy family in Great Neck, Long Island.

And it was when I -- until I became a teenager when my father became a Teamster, and was able to get a real living wage for the work that he was doing then to drive a truck, that changed my father's whole outlook on the world and the pride that he had in himself.

You know, I'm old enough to go back to the era when people had landlines for their phones at home. And --

SENATOR MARTINS: The only one of us here that isn't old enough to remember that is Senator Savino here.

SENATOR SAVINO: A shameless plug.

GEORGE GRESHAM: But you've heard stories, I'm sure.

SENATOR MARTINS: She's seen it on TV.

[Laughter.]

GEORGE GRESHAM: And so that -- I remember though, and maybe it was the budding organizer in me, but, from time to time, my teacher would say, I think I need to call to your home because you're disrupting the class.

And I remember often she would call my home and the phone was disconnected.

And I remember one time being embarrassed in class, because she said that to the whole class, "Your family doesn't keep the phone on."

And I remember how embarrassed I was because, until my father became a Teamster and got a decent salary, we weren't able to keep the phone on. That was optional.

It was, when it was time to pay the bills, if there weren't enough money left over, the phone was the first to get disconnected, and that happened pretty regularly.

But, when my father began to get a real living wage, the phones never went off again, I guess to my chagrin, because the teachers could now get in touch with my parents when they really wanted to.

[Laughter.]

GEORGE GRESHAM: But, it is a real story of dignity.

Is this going to cost money?

It absolutely is not free, to make sure that working people are able to make a decent salary. But the benefits that you can measure, as far as the economy and how that gets boosted, how many people will get off public assistance because they're now making enough money to apply for Affordable Care Act or the coverage as well.

And then the intangible things that you're not able to measure: The pride and the dignity and the loyalty that people have to their own jobs, and the lack of turnaround.

It is something that I just say, shame on us, if we allow other matters to get in the way, and not allow those 3 million people, like sister Gibbs here, that work hard every day, to not give them the dignity to go home and take care of their families.

They would rather be with their families than that second job, and they would rather raise their families than to have their children raised by the streets because they're latchkey children.

So, I think I did okay without reading my notes.

But, I hope I leave the impression on you of how important this will be to so many people in the state of New York.

And I just plead upon you to, not only you, but to help influence your colleagues, to do the right thing for the people of New York.

SENATOR MARTINS: No, I appreciate that.

Thank you very much.

GEORGE GRESHAM: Thank you.

SENATOR MARTINS: You know, I -- I'm struck by, again, the narrative. As I said earlier, I read your statement earlier, and you had certain references in there.

Myself, my parents emigrated from Portugal, and so, very similarly, not speaking the language and coming over with nothing. My mom was a seamstress. My dad worked in construction, until he was able to become a carpenter, and that was his trade.

GEORGE GRESHAM: Right, right. Excellent.

SENATOR MARTINS: And so I understand --

GEORGE GRESHAM: Yes, sir.

SENATOR MARTINS: -- because that's very real. And that's story for millions and millions of people, not only here in New York, but across the country.

GEORGE GRESHAM: Yes, sir.

SENATOR MARTINS: But, as we work around this issue, and we work around the issue of a minimum wage, and we work around the broader discussion of the working poor, and we talk about our safety-net programs, and we talk about all of the different things that exist today, and barriers to people having success, and training programs for people in order for them to learn skills so that they can then improve themselves and become a Teamster or a carpenter, or any other trade, or any other skilled professional, we are lacking here in New York State, in terms of programs that are available and opportunities that are available for the working poor today.

And one facet of that is a discussion on minimum wage, but we have to have a broader discussion.

GEORGE GRESHAM: Yes, sir.

SENATOR MARTINS: And so all of this starts with, I think, a half step back and a broader view of what it is we're trying to do, because I do believe that we do have to provide opportunities for people so that they can do the same things that your parents and my parents were able to do for us.

GEORGE GRESHAM: Yes, sir.

SENATOR MARTINS: So, knowing how this effort, not only here in New York State, but across the country, has been, literally, spurred, encouraged, and promoted by SEIU.

I'm going to ask you: How did we get to "15"?

I'm just going to ask.

Because, as a person, I have an incredible amount of admiration and respect for, and we can still learn a tremendous amount from, our late-Governor Mario Cuomo used to say, "We campaign in poetry, but we govern in prose."

And so we can discuss the poetry of this, we all can. And we all have stories that can feed very well into that discussion and that narrative, but we do have to discuss this in prose.

GEORGE GRESHAM: Yes.

SENATOR MARTINS: How did we get to "15"?

And why is that number different?

Because when I -- I went on the U.S. Department of Labor website, and they have this great calculator on the website.

And everyone is more than welcome to go and check, and plug in numbers.

And this is the U.S. Department of Labor's website, when you plug in the minimum wage, any number, and they'll tell you what it would be today, adjusted for inflation.

So you go back to 1938, you go back to 1968, you go back to 1907, whatever date you want to plug in, and if you adjust it for inflation, it gets you to somewhere when around $11 or so, between

11 and 12 dollars an hour.

That is -- folks, I'm just saying, it's a mechanical thing. You put it in -- you plug it into this calculator, and that's the number that comes up.

So I need to understand, over time, how are we adjusting that to the numbers we're discussing today, and how does it fit in?

And then, in the broader discussion, shouldn't we also be discussing those other facets, not to the exclusion of a minimum-wage discussion, but to complement it as well?

GEORGE GRESHAM: So let me answer that in reverse.

Absolutely, I agree that we -- it has to be a whole list.

If we really want people to be able to not, only minimally -- because, remember, we're discussing minimum wage here -- to minimally take care of their families, but to be beyond that, to, hopefully, get to the middle-class, and then broaden the middle-class, then it has to be a holistic approach.

It can't just be about raising minimum.

The educational programs and the kind of trades, training, that you're talking about, are totally necessary if we're serious about it, as well as health care.

You cannot take care of your family if you're not a healthy person and you don't not have good-quality health care.

So all of those factors, in my opinion, of a civil society.

And if you want to do more than just the minimum for working people, you must consider that.

So, yes, sir, I totally agree with you on that.

As far as the number "15" is concerned, I don't think there's any magic to it. And, probably -- there are probably as many theories as to what, in fact, if the minimum wage had kept up with inflation, what it would actually be today.

I think the first part of that, though, for to us even have this discussion, is the recognition that the minimum wage has not kept up with inflation.

That, in fact, the idea and the standards of people working very hard, and still finding themselves poor, the living, the working poor, is something that has gotten away from all of us.

Now, the people that run the computers that provides me the information tells me back, when Franklin Delano Roosevelt made the national, that, if adjusted for inflation, it would be at the "15." mark. It's "15-point-something" is what I've been told.

SENATOR MARTINS: I appreciate it.

GEORGE GRESHAM: And so -- but, I think, even if that weren't accurate -- I believe that it is -- I certainly wouldn't present it here to be shot down by someone else, if I didn't.

SENATOR MARTINS: And so -- look, I'm not --

GEORGE GRESHAM: No, I understand that. I understand.

SENATOR MARTINS: -- I do understand that different people have different ways of computing it.

I was just using a common standard, because it's the U.S. Department of Labor's own website.

But, what I will ask you is, if you would, provide the Committee with that analysis.

GEORGE GRESHAM: Yes. Okay.

SENATOR MARTINS: I'll be able to share it with my colleagues, and then at least we'll have the benefit of that as well.

GEORGE GRESHAM: I'd love to do that.

Thank you, sir.

SENATOR MARTINS: As far as, you know, some of the other concerns, and there have been people who have reached out, and I think we'll hear from them later today, that when we do consider increasing the minimum wage, in certain respects, it butts up against certain programs that we have in place.

And you mentioned, that those programs, that people will be able to come off public assistance.

GEORGE GRESHAM: Right.

SENATOR MARTINS: And the concern I have is that, you know, many of our public-assistance programs are, rightfully so, generous.

They are, and they should be. And we need to continue to provide help to people.

But if the threshold that they press up against causes them to lose that benefit, and the benefit that they lose is greater than the amount of money that they receive, we need -- "we" need to consider, to the extent that it is a state decision and not a federal decision, how do we ramp that gradually so that we don't provide disincentives to people earning more money?

Because I've heard from my own constituents, and from people who have reached out and said, You know what? If I make more money, I lose X benefit or Y benefit, and I can't afford to provide for my family.

I find it immoral that we have a system in place that artificially keeps people poor.

And, so, I think part of our challenge and our broader discussion here today is, let's look at those programs, because they're there. We can quantify it.

But, for some inexplicable reason, those thresholds are so low, that if people, especially in a place like New York where they make more money, because it's so much more expensive to live here, once they butt up against them, they lose those benefits.

So, how do we address that?

Because, if we do increase the minimum wage as a response to try and elevate, and in by doing so, we prevent people from receiving certain of benefits, and some of these decisions are going to be federal decisions outside of our hands, aren't we doing it -- by trying to help, aren't we actually creating a disincentive and a problem for so many people?

GEORGE GRESHAM: I understand.

So, there is a reason why Helen Schaub is sitting to my right. She's my vice president of legislative concerns, and so I'm going to pass the baton to Helen.

It is a conversation that we have had numerous times around this, so...

HELEN SCHAUB: So I want to thank you for raising this, because, obviously, it's an important question.

And I think we are all on the same page, that you would never want to do something that would end up giving people a net negative in terms of their overall compensation and the supports that they have.

And I think there's at least two reasons why that would not to be case here.

One is, the vast majority of programs that people use to support their families when they're very low income, actually do not have kind of the cliff that you would be talking about, where you make a tiny bit of money, and then you fall off the cliff and you lose a benefit that is very significant.

So, for example, if you look at Medicaid, you know, yes, there's' threshold.

You go over the threshold, but then, in New York State, you're eligible for the basic health plan, which has the advantage of being paid for by the federal government and not 50 percent by the state government, but provides a very similar level of benefit. And it's not until you get significantly higher that, then, you would go on the exchange, where you do have to then contribute more, but you have significant income that enables you to do that.

So everyone who's looked at it -- and we'd be happy to provide you with analysis in Oregon, which took a very careful look at this -- says that, yes, you -- as you move up, and appropriately, the -- many of the programs target people with very low incomes.

So as your income rises, you then are no longer eligible for some of those programs.

So even if it's true that you have to pay, for example, a little bit more for your health insurance, you have a net positive.

And the reason for that, is that we are talking about a significant increase.

If we were talking about raising the minimum wage 25 cents, or 50 cents, you might start to run into some of those problems where the benefit that people lose is greater than the income that they're receiving.

But when we are talking about making a significant step forward to actually catch the minimum wage up to where it should be, if it had kept pace, then we avoid some of those problems of making tiny incremental increases that end up with a net negative.

So, both, because most of the programs do not have a sharp cliff, and because we're talking about a real enough increase that people can actually afford the additional obligations that they might have; for example, if they have to contribute more to their health insurance, every analysis that has looked at this says that it is a net positive for people to, you know, get an increase of this degree.

SENATOR MARTINS: And I appreciate that.

You know, there are so many facets.

And that's why, when we discuss the issue, and as so many people have discussed the issue as being one-dimensional, it's troubling, because, you know, even something as simple as federal income taxes, and the effect of an increase in the person's responsibility to pay more in terms of a federal income tax.

So their income goes from 18, potentially, to 30; and, yet, a chunk of that comes right off the top and goes right to the feds, and they don't get to keep it.

And, yet, in the context of that, they don't keep it; yet, we run up against some of those thresholds that you discussed, and you start to weigh in some of the expenses, some of the taxes.

And, so, the last thing we need, and I think the last thing we can afford to do is, in an effort to try and help people, actually put them in a worse position, as odd as that may sound.

And so, again, let's walk our way through this.

Certainly, I have appreciated your testimony.

Any questions?

SENATOR SAVINO: Yes.

SENATOR MARTINS: Senator Marchione.

SENATOR MARCIONE: First, President Gresham, I would just like to say I think Dr. King would be very proud of you as the leader of your union.

Your sincerity, I feel your heartbeat, you not having to use your notes, really, and speaking so clearly and precisely.

GEORGE GRESHAM: Thank you.

SENATOR MARCIONE: I just wanted to say that.

With that, I have two questions.

Out of the 80,000 workers that you represent, how many of them are making minimum wage?

GEORGE GRESHAM: Go ahead.

HELEN SCHAUB: So the "80,000" figure is -- it refers to our home-care membership, and they are all making $1 above minimum wage. They make $10 right now.

SENATOR MARCIONE: So none of them are currently making minimum, but this would certainly affect them?

GEORGE GRESHAM: Yes.

HELEN SCHAUB: Well, yes. They would -- if they were -- they are making less than fast-food workers are required to make now in New York City under the Fast-Food Order, and certainly would benefit from every raise that is being proposed here.

GEORGE GRESHAM: Part of what the problem that currently exists, the legislation that had went through, the executive order that went through, for the fast-food workers.

So, if you imagine Ms. Gibbs trying to take care of her family.

And I have to tell you, as the son of a home-care worker, as we can all imagine, it's very difficult work to take care of people when they're in the most vulnerable stage of their life, and incapacitated in many ways.

And I often tell, to encourage people, about the pride and dignity of the work we do, and how special they are to do that, I say, "Close your eyes and just think of a member in your family that should not go near any patient at all, should never be in the care of another individual, because they don't have the human capacity to do that."

So if you imagine the work that goes into that, and then to find out, though, you could actually take care of your family if you were to stop doing this and to go and flip hamburgers.

And it's not to denigrate the work that people do do.

But when those are the choices, and at the end of the goal, the only reason you work at all is to make sure you can take care of your family, then you're likely to make those decisions.

As far as, you know, our membership, the 80,000 are the home-care workers. That is our largest category of the lower-paid workers.

But we also have workers that work in nursing homes and other areas that also are not making a living wage.

SENATOR MARCIONE: Do you have any discussion for us, relative to those individuals who have been with you for a while and, perhaps, are making $15 an hour, after working their way up and working very hard in this industry, what do you envision for them?

What about the compression issue, have you given thought to that?

Can you discuss that with us?

GEORGE GRESHAM: I know this, because one of the things that people don't know, as far as my own history, is that, when I became a health-care worker, the first job that I had was in housekeeping.

And because of the union, I was able to go and formally get my degree and become a professional technical worker.

And I know that, as a professional technical worker, I never forgot where I came from, and never thought that because I went to school and was blessed to get that opportunity to finish my education, that those who did other work that didn't command the same salary didn't deserve that.

And so that I would say, for our senior home-health aides that are there at that moment, will never feel, I believe, will never feel that, you know, I have to pull myself up by the bootstraps, and this person just comes along, through a legislative pen, and making the money.

Rather than that, they're going to say, it's about time that they're able to make a living wage to take care of their family.

Now, it's certainly human nature is definite.

It certainly would probably be different if we were talking about $40 an hour and an entree immediately into the upper middle-class.

But to wonder whether one should make a living wage for an honest day's work, I don't think that will be an issue at all.

I think that, rather than that, it will be a massive celebration about the fact that we can now move on to the next level and talk about, now, what are the educational opportunities that can allow me to make more than the minimum wage?

I can guarantee you, of -- we have 450,000 1199 members in 5 states and the District of Columbia.

I can guarantee you, none of them aspire to make the minimum. They all aspire to make the maximum that they can make.

[Laughter.]

GEORGE GRESHAM: And the minimum is just -- the minimum is just the road to getting to the other point.

And I don't think anyone is going to want to deny their fellow coworker, or someone in a different industry, the right to make a living wage.

SENATOR MARCIONE: Thank you.

GEORGE GRESHAM: Thank you.

SENATOR MARTINS: Senator Savino.

SENATOR SAVINO: Thank you, Senator Martins.

First, I want to thank Senator Martins for holding this hearing, for the start of what I hope is a very robust discussion about, how do we establish a living wage here in New York State, and, hopefully, becoming the model for the rest of the nation?

I want to thank you, President Gresham, for your testimony, and for your leadership on this issue.

And I with to pick up where you just left off.

It is appropriately the province of government to establish the floor for workers.

That's what FDR did in 1938, after, one would say, several hundred years of unions agitating in this country.

But we started it there. In 1938, the government established the floor.

It has always been, though, the province of the labor movement to establish the ceiling, or to lift the ceiling.

And so that's what, I think, in answer to Senator Marchione's question about: What happens when we establish a rate change for entry-level workers and we bring everybody up, what happens to those above?

Well, the collective-bargaining table is where you will resolve that for workers who have been there for longer.

But you also represent 80,000 people in the home-care industry, and several dozens of thousands in the nursing-home industry.

And in an industry by which your wages are held captive by the state government, the Medicaid cap has had a deleterious effect on real wages for your members for a very long time.

So I'm thrilled that you're going to be part of this discussion, because, in the next several weeks, we are going to be engaged in the budget process, where I would imagine we're going to be handed a budget for the Department of Health and Medicaid that's going to be flat. It's going to be a zero-growth budget.

And we're going to be told to accept that, in that room.

And then, in another room, being asked to approve $15 an hour that will affect your workers.

And at some point, the floor and the ceiling are going to hit there.

So what we need is your leadership, and the leadership all of those in this room, to help us lift the cap on Medicaid so we can improve and increase reimbursements to the agencies that employ your workers so that they can weather that $15-an-hour wage increase.

Are you with us on that?

GEORGE GRESHAM: I can, absolutely.

SENATOR SAVINO: Thank god.

GEORGE GRESHAM: Absolutely.

[Applause.]

GEORGE GRESHAM: Absolutely.

SENATOR SAVINO: It's critically important that government help where it can.

If we're going to establish the floor, then we have to be able to pay for that, we're going to have to provide.

And that doesn't just apply to your agencies, the agencies that your workers work in, but also the nonprofits.

And one of the others things that I hope that this robust discussion really spurs, is that we, as a government, begin to reexamine the way we value social services; not just in home care and health care, but in child-welfare services and in human services and in shelter services.

If we're going to attract people that want to commit their lives to those types of services, we've got to compensate them decently so that they can provide for their own families.

The real, I think, travesty, is that we have thousands of social-services workers in this state who themselves are dependent on social services to make ends meet.

We need to lift everyone out of poverty; establish a real floor for workers --

[Applause.]

SENATOR SAVINO: Nope, you'll get yelled at.

[Laughter.]

SENATOR SAVINO: -- establish a real floor for workers in -- and also acknowledge that are additional costs to that.

I don't think any of us are kidding ourselves, that if we force employers to pay a higher wage, that there will be an effect on those employers.

That's a fact. We know that, we understand that.

But we all need to be part of this discussion.

And I welcome you to the forefront of this fight.

And I hope that when this legislative session is over, we have done something real for working people here in New York State.

GEORGE GRESHAM: Thank you.

SENATOR SAVINO: Thank you.

[Applause.]

SENATOR MARTINS: I hear you. She hears you.

[Laughter.]

SENATOR MARTINS: You know -- any other questions?

Tough questions from Diane Savino.

Senator Perkins.

SENATOR PERKINS: Oh, thank you.

So thank you very much for your presentation, and your extraordinary leadership over the years, for your workers, and for our city, and for our state, and for me personally as well.

You know, I like the idea of this minimum wage, so to speak, or, $15.

I don't think that's the answer.

I don't want to ask you the question, because you told me you have a policy person here.

The answer that I am looking for is: What is the living wage?

What is the living wage?

I know we try to do a living wage in the past when I was in the city council, but, what would a living wage be?

Not a minimum wage. Not the floor.

But what would it really be, a wage for the average working person to have a decent living?

We're talking about 15 as a minimum.

What would a real living wage be?

HELEN SCHAUB: So, I don't have the numbers in front of me, but I know that many people -- and I'm sure you'll hear it later this morning and this afternoon -- many people have done what they call a "sustainability calculator," and there's analysis from every region of the state, looking at, what are the costs?

What are the housing costs?

What are the child-care costs?

What are food and transportation costs?

Actually plugging all of those in, to understand, for a family of a particular size, what would it take just to make sure you can pay for all those things: you can get to work, you can buy groceries, you can pay for child care?

So, I'd be happy to send you the link.

I know they've done those calculations for every region, and I know 15 doesn't quite get you there. It is still lower than that sustainability level in almost every region in the state.

SENATOR PERKINS: So I'm sorry you couldn't give me that number right now, but I'm glad what you did give me, is what we really need to understand, is that sustainability is what we're talking about.

Not just the minimum of what it takes, but it really -- what do we want working families to really have to sustain themselves in a way that is decent?

GEORGE GRESHAM: That's right.

SENATOR PERKINS: And, so, I think that this is a great conversation as a step in the right direction, but we've got to move -- we've got to -- you know, we've got to move a little bit faster than this.

And for us to be quibbling about this, I think is disrespectful to working families.

GEORGE GRESHAM: Thank you, sir.

SENATOR PERKINS: That we all respect, that make it possible for all of us to be here. But we have to start talking more about a living wage, not a minimum wage.

GEORGE GRESHAM: Thank you, sir.

SENATOR MARTINS: Anyone else?

Well, Mr. Gresham, thank you very much.

GEORGE GRESHAM: They're going through the motions there.

[Laughter.]

GEORGE GRESHAM: I just -- just to -- one other thing that my family and your family can relate to, although most people wouldn't think of it that way.

When my parents actually left the South 10 years before they brought me and my -- at that time, my sister, and it ended up being four of us. Once my father became a union member, he could afford two more children.

[Laughter.]

GEORGE GRESHAM: It's a true story.

But -- so the first 10 years we were raised by my grandparents.

And so my father had been in the North for -- and mother had been in the North for 10 years.

When they brought me up, I understand the issue of immigrants speaking a second language, because until I came north, I thought I spoke English.

[Laughter.]

SENATOR MARTINS: You learned you didn't.

GEORGE GRESHAM: But I had to learn it again.

And even my teachers and my parents couldn't understand a word I said because I had one of the strongest, thick Southern accents ever.

So I felt that I had to learn English as well.

SENATOR MARTINS: George, you did a very good job.

GEORGE GRESHAM: Well, thank you, Senator.

SENATOR MARTINS: You're fluent.

GEORGE GRESHAM: Thank you, sir.

SENATOR MARTINS: Thank you very much.

Thank you.

SENATOR MARTINS: Our next -- next up today we have E.J. McMahon, who is the president of the Empire Center for Public Policy.

Mr. McMahon, welcome.

E.J. McMAHON: Thank you.

Good afternoon.

Thank you for inviting me.

Thank you very much.

The notice for this hearing is appropriately focused on the core question you need to consider in weighing Governor Cuomo's proposal, and that question, of course, is: What impact would such a policy have on workers, employers, and the economy as a whole?

I really think that's the question that needs to be carefully considered.

I'm going to suggest to you in my testimony that I think there's some compelling evidence in support of the following answer:

On balance, a mandated $15-an-hour minimum wage would be a counterproductive policy with a negative impact.

It would disrupt labor markets, reduce job creation, drive up prices, and chill the business climate.

Now, as far as individual New Yorkers are concerned, I would suggest that the negative effects will be felt, ironically, most strongly by the very people this policy is supposed to help, and who I believe you want to help most, which is marginally younger, low-income workers struggling to get or keep a foothold in our economy.

On a geographic basis, the negative impacts are likely to be disproportionately concentrated in Upstate New York, and will be worst of all, ironically again, in those upstate regions that are struggling most to retain and create jobs.

My organization recently co-sponsored research to estimate the impact on employment of this the policy. But before I get into those findings, I would like to create some context for this discussion which I think is relevant to some things said earlier also.

And there are some charts attached to my testimony that illustrate this.

The historical path of the minimum wage, federal and state, adjusted to 2015 dollars, begins in 1938.

The first federal minimum wage which applied to a very narrow group of industries, actually, by today's standards, was, in those terms, 25 cents an hour, which in today's dollars is $4.20 an hour.

During a 25-year period that coincided with the great post-war economic boom, the federal minimum wage, and this in the 1950s, until about 1970s, was steadily raised in stages, and hit the equivalent of more than $10 an hour by the end of the 1960s.

New York's minimum wage peaked in 1970 at the 2015 equivalent of $11.35 cents an hour.

Over the last 50 years, New York State's minimum wage in today's dollars has averaged a little over $8.30 an hour, over the last 50 years.

By the way, if you stretched the comparison back 60, it's only very slightly higher.

The current New York minimum wage of $9 an hour is the highest New York minimum wage in 37 years, adjusting for inflation.

Even discounting for future projected

inflation over the next 6 years, of 2 1/2 percent if the Budget Division is correct, assuming the same phase and schedule adopted by the Wage Board for Fast-Food Workers, a statewide minimum wage of $15 an hour in today's terms, as of 2021, would still easily be the highest in New York's history.

A minimum wage of $15 an hour would be considerably higher than the minimums now scheduled to take effect over the next several years in our adjoining states.

Now, while some cities elsewhere in the country, such as Seattle, have enacted local laws that have begun moving them up to a $15-an-hour minimum wage, with some exceptions, such a policy has not been enacted on a statewide basis anywhere.

As illustrated in Figure 2, adjusting for exchange rates and purchasing parity differences, $15 an hour is higher than the current minimum wage in countries around the world.

Indeed, as of 2014, only 7 of 25 developed nations had minimum wages higher than $9 an hour, and none had minimum wages higher than $12.

Most pertinent of all, from your standpoint in weighing this proposal, are the very wide differences in prevailing market-wage levels in different regions of New York State, which, since you all know New York well, reflect -- is, largely, reflective of the very wide differences in living costs in different parts of the state.

Based on Labor Department data, as shown in Figure 3 attached, the medians for different -- the median hourly wages for all jobs in different New York regions are lined up against $15, as well as last year's 8.75.

Those medians range from a high of just under $22 an hour in the New York City metro area, which, in the Labor Department's definition, includes White Plains, and Wayne, New Jersey, to a low of $15.30 in the Glens Falls area.

Other upstate regions with median wages just above $15 an hour included Utica-Rome at 15.91; the non-metro part of Capital Region/Northern New York at 15.77; Central New York at 15.59; and southwest non-metro New York, that would be out in the Western Tier, at 15.49.

Even assuming these medians move in tandem at the same rate projected for total statewide wages over the next few years, a statewide minimum wage of $15 an hour would represent a very high percentage of the current hourly minimum wage throughout

Upstate New York, especially, again, in those regions, such as the Southern Tier, that have struggled most to create jobs.

Which brings me to our own study.

The authors of that paper, Economist Douglas Holtz-Eakin, and Ben Gitis of the American Action Forum, drew on three credible research models to estimate low, medium, and high impacts from raising the statewide minimum wage to $15 an hour.

And the complete paper is attached to my testimony.

Their key finding, as further explained in the paper, is that a $15 minimum wage phased in on the Wage Board's schedule in different regions of the state could cause us -- could cause our job-creation totals to be $200,00 lower, at a minimum, under the low-impact estimate.

And that depending on which other methodology was applied -- and there's more details of those in the paper, and even in my written testimony -- the job impact could be as much as 432,000 jobs; or even in the high-impact estimate, 588,000 jobs.

Job losses would be smaller, but still more than New Yorkers should be willing to tolerate if the State was to set the minimum at $12 an hour, according to Holtz-Eakin and Gitis.

By the way, Doug Holtz-Eakin was unable to be here today. Unfortunately, we were unable, on the notice provided, to bring some of these economists into town, but would welcome a chance to do that some other time.

Conversely, wage gains from the minimum wage would range from a high of $10.6 billion; that is, with the lowest job loss, it would be the highest net-wage gain, $10.6 billion; to a low of just over a billion dollars if the very high job-loss estimate turned out to be correct.

Based on national labor-force data, our paper also estimated that less than 7 percent of the wages generated by a $15 wage would actually go to households in poverty.

Now, advocates have suggested that a 67 percent boost in the minimum wage, which is what you're being -- considering now, will ignite a purely virtuous cycle in which low-wage workers spend all of their higher pay on goods and services, resulting in a net boost to the overall economy.

But there are two sides to that coin.

A minimum wage won't generate higher incomes out of thin air. In fact, to a great extent, it will redistribute incomes, in some cases, from one group of low- and minimum-wage -- medium-wage people to another.

Consider how the $15-an-hour wage scenario is likely to play out in just one important section that touches many working families across the state.

As of 2014, there were 11,370 child-care workers employed in the 11 metropolitan areas of Upstate New York, earning hourly median wages ranging from $9 an hour in Binghamton, to just below $11 an hour in Ithaca.

The biggest urban metros in Upstate New York all had median child-care-worker wages below $10 an hour.

That's as of 2014, median hourly wages.

Now, obviously, in addition to being obviously important, child care is labor-intensive, and licensed child-care centers are subject to strict staffing levels. You can't automate child care.

Given the figures I just cited, the imposition of a $15 an hour minimum wage inevitably will result in significant increases in child-care costs for hundreds of thousands of parents at all income levels, some of whom are actually receiving government subsidies through -- paid through nonprofit associations, which are a whole other area of discussion here.

A significant raise for those 11,000 child-care workers, and it would be, will require a significant increase in child-care expenses for hundreds of thousands of parents and families.

And as salaries rise for child-care workers employed in licensed facilities, which is really what this count involves, families with informal child-care arrangements also will need to pay more because of the prevailing wage increase.

The most common assertion we hear in connection with the push for the $15 minimum wage, as Governor Cuomo has put it, is "no one who works full-time should live in poverty."

And, of course, few would disagree with that.

In fact, this is not a new concern in New York State.

It was a desire to boost low-wage workers out of poverty that inspired Governor Mario Cuomo to successfully propose and initiate, 22 years ago, New York State's own supplement to the federal earned income credit, a program that has enjoyed broad bipartisan support in Washington since the mid-1970s.

By the way, the earned income credit, as its name implies, is not public assistance. It is earned. It's related to work.

For the single parent let's count how -- what the EITC amounts to.

Counting the EITC and other state and federal wage supports and tax benefits, including child tax credits, which are refundable, but which go to all middle-class and working families, as well as supplemental nutritional assistance, better known in the past as food stamps, a single parent of two children, employed full-time in New York at $9 an hour, can collect total cash income of just under $35,000 a year, which works out, at a 40-hour work week, to 16.81 an hour.

These figures do not include any additional benefits, such as housing and child-care subsidies or health insurance under Medicaid or the ACA.

For the single parent of two, in that example, a $6-an-hour pay raise would result in a net-cash income gain, when all is said and done, of $2.72 an hour, due to the phase-in reduction of the

EITC and other means-tested cash supports I just mentioned.

Now, it's one thing for this offset to occur in the course of a low-wage worker's natural progression up the pay ladder.

It's quite another thing to assume that the only way to boost the incomes of these particular workers, who, keep in mind, make up a subset of all minimum-wage workers, is by forcing employers and their consumers across the state to pay billions of dollars more to a much larger number of workers, most of whom have family incomes above the -- well above the poverty line. In fact, multiples of the poverty line.

If poor workers are your real concern, and they ought to be, by far, the most efficient way to help them is through improvements and restructuring of the earned income credit, which, to be sure, really is going to require some cooperation or waivers from the federal level as well, because of the way earned income credit flows now, because the earned income credit and tax credit encourages poor heads of household to seek work without jeopardizing employment opportunities for anyone else.

Now, you've heard it implied, and I guarantee you, you will hear it implied and stated by some witnesses following me, that economists throughout the nation, if not the world, have somehow now reached a broad understanding and consensus that increases in minimum wages have no negative impacts anywhere, anytime, on employment.

Let me stress, that's simply not true.

Last month, for example, Professor Clemens at UC San Diego, who is one of the authors of one of the methodologies used -- cited in our paper, published new research findings that recent federal minimum-wage increases had reduced employment among young workers.

His findings were not inconsistent with research published in 2012 in the Cornell University "ILR Review," which found that New York's 2004 increase in the minimum wage was associated with a reduction in employment of less-skilled, less-educated workers.

Now, economists are going to continue to disagree on the strength and significance of employment impacts from minimum-wage increases. That is guaranteed.

But in today's New York context, by far, the most important takeaway from the ongoing debate in this field, is this: The vast majority of minimum-wage research published by academic economists on all sides of this issue has focused on wage hikes that were much smaller and much more limited in scope than what you are now being asked to approve in New York State.

In fact, prominent economists, otherwise sympathetic to calls for a higher federal minimum wage, have pointedly declined to endorse calls for an across-the-board wage floor as high as $15 an hour.

To cite just one, Professor Alan B. Krueger of Princeton University, former chairman of President Obama's Council of Economic Advisors, recently wrote in the "New York Times" that, and I quote, A $15-an-hour national minimum wage would put us in unchartered waters and risk undesirable and unintended consequences, unquote.

As Professor Krueger concluded in his column, quote, Economics is all about understanding tradeoffs and risks.

The tradeoff is likely to become more severe, and the risk greater, if the minimum wage is set beyond the wage -- the range studied in past research.

In some, a $15-an-hour statewide minimum wage in New York would entail some very big tradeoffs, affecting the livelihoods and finances of millions of New Yorkers; some positively, others negatively.

In a prolonged period of slow economic growth, such as the one we're now in, the loss of any jobs, much less a potential, possible, minimum shortfall of a couple of hundred thousand jobs, is a risk you should not be willing to take.

The research we published, and the work of other organizations and economists, indicates that enacting the biggest increase ever in New York's minimum wage would indeed benefit many low-income workers; that is, those who still have work, or can find it, at the expense of others, those who can't or don't.

The biggest losers in this equation will ultimately be stuck with the ultimate minimum wage, which is zero.

Thank you very much, and I'll be happy to take any question you may have.

SENATOR MARTINS: Thank you. I appreciate it.

You know, part of the concern that I have -- and before I get started, you made references to a median wage.

E.J. McMAHON: Right.

SENATOR MARTINS: Describe that for us.

E.J. McMAHON: Well, the "median wage" is the halfway point. 50 percent of the people make less, 50 percent make more.

SENATOR MARTINS: Right. So when we're talking about a median wage in an area like Binghamton, Southern Tier, 15.40-something I think is what you said --

E.J. McMAHON: Right.

SENATOR MARTINS: -- that means that half of the population in that area that's working is earning less than $15.40 right now. The other half is earning more than $15.40.

E.J. McMAHON: Right. As of 2014, that's what they were earning.

SENATOR MARTINS: So the prospect of a minimum-wage increase and the effect on the business community in that area is something, obviously, that is of concern.

Now, in preparation for this, and for other discussions that we've had, I think we've all had opportunities to -- I hope we've all had opportunities, to research the issue of the effect of a median wage on minimum wage, and what that ratio should be.

But to the extent that perhaps we have it, where is that norm expected to be?

E.J. McMAHON: Well, it's one of those countless areas in where economists you can consult disagree.

A lot of advocates of higher minimum wages in the federal level think that it should be back in the neighborhood of, I think, 60 percent of the full-time wage.

In fact, advocates of this higher wage believe that the minimum wage should be related solely to the full-time, full-year wage, rather than the wage for all jobs.

I would disagree.

I would say wages are wages.

And, in fact, many of the jobs we're talking about, many of the workers we're talking about, in fact, it's, roughly, 50/50, a little more on the positive side, are not full-time, and maybe are not depending on and supporting a family on the wage.

There's a whole mix of people in this.

So, the norm is what you think it ought to be, but let me point out one thing.

Professor Krueger is one of many people, I'm not going to speak for him, but he's made his viewpoint very clear, and there are others (inaudible) in addition to him.

Among those advocating a higher minimum wage in the federal level, much higher than $7.25, including those who have done the work, most of the advocates in this room have cited in the past in favor of some high multiple of a full-time wage, have also suggested, and there's not unanimity on this, some would disagree, that there is some greater ability to absorb higher wages in wealthy areas than there is in less-wealthy areas.

That, in fact, minimum wages should -- if you set minimum wages at some multiple of the median wage, say even the median full-time wage, what you will quickly find is it's going to differ by state, for starters.

Secondly, again, I don't have to tell you, New York State itself is very diverse. So by that analysis, you should also be looking at having a differing wage within New York State. And that is something that has -- that no one has paid attention to.

In fact, one of the surprising things about this proposal, which, in its dimensions, is completely unprecedented, would be this is -- you have never been presented with any proposal like this before, is how it is completely oblivious to very significant differences and disparities in labor markets and wage levels across the state, which vary widely, as I've cite -- as the speakers I've cited indicate.

So the answer to your question is: It's whatever you want it to be.

There are people who try to make a case for it to be a certain level. But even those analysts -- and I can send you citations to them -- who favor a higher federal minimum wage pegged at some level, acknowledge differences among states, and, in fact, have not called for a $15 minimum wage.

SENATOR MARTINS: No, I appreciate that.

You know, I know that there are well-respected, learned economists out there on various areas of the spectrum.

But, whether it's Professor Neumark or Professor Krueger or Professor Holtzer, all people who have, frankly, advocated for minimum wage increases, they've also all warned that it is the --

the amount of this increase, and the incremental increase as large as these are, because what I've seen, and I'd love to hear you comment on this, is we're talking about making this in over three years, or six years, if we're going use the Governor's model; if we're going to use the Governor's model that he has used so far for fast-food workers, that he has used so far for state workers, that he has used so far for SUNY.

So I'm assuming that the Governor is going to continue to be consistent.

And let me take the opportunity to lament the fact that, although we're here discussing the minimum wage, and here we're discussing a concept, and although we invited the commissioner to be here today, and representatives of the Governor to be here today, they chose not to be here, so we will go and we will extrapolate off what he's already done in order to conceptualize the discussion here today, because it would have been better if they had had somebody here and they could have clarified it for themselves.

But, historically, in New York, and elsewhere, when we talk about phasing in minimum-wage increases, even those we did here in

2009, they were phased in in small amounts. And that seems to be the traditional way of handling minimum-wage increases.

Even as far back as you go, you see that those increases, typically, are significantly less than $1-an-hour increases per year, but, certainly, not multiple dollars.

And what we're discussing here today is multiple-dollar increases.

What is the effect of that?

E.J. McMAHON: Well, I mean, again, you'll get varying opinions on that.

I would simply observe that the -- what the schedule of the Wage Board has was $1 an hour every year, for four years, I don't have it in front of me, culminating in 75 cents and 75 cents, or something.

SENATOR MARTINS: Statewide.

E.J. McMAHON: Statewide --

SENATOR MARTINS: New York City was significantly higher.

E.J. McMAHON: -- a dollar a year, dollar a year, dollar a year, dollar a year.

New York State -- New York City, different.

So every year you'd have a bigger -- you'd have, in nominal terms, a bigger minimum-wage increase than you've ever had before.

Now, I've heard it argued that, well, that should ease the pain upstate.

I would suggest that, really -- you're really comparing strangulation to, sort of, beheading.

I mean, we won't do it all at once. We'll kind of slowly squeeze.

Let me use the example of the specific sector I cited, which is relatively small, but which is very important to working families: child-care workers.

So, you have child-care workers whose median wages now in the most populated metro areas upstate are under $10 an hour.

And you're going to, in stages, every year, increase the minimum by $1 an hour every year for several years in a row.

What do you think that does to child-care bills and costs for people paying for it each and every year that it happens?

Now, that's quite aside from the point, a lot of what you've heard today is about whether people deserve a higher wage, or should get a higher wage, or whether we should value work in a different way.

But I'm talking about, basically, the basic hard-market consideration here is, the money does not come from nowhere.

You have people who earn a particular wage in a particular industry that's at a level we now know, that is going to have to go up very significantly each and every year for a number of years.

The fact that it's over -- you know, certainly, it would be a calamity if it went up 67 percent all at once.

But it -- really, it's still unprecedented.

Even under the schedule the Wage Board has adopted, it's still unprecedented.

And, in fact, the chart I gave you, I think Figure 1 or 2 shows, if you just look at the scale of it.

Even compared to the very significant run-up in the federal minimum wage in the -- during the boom, during the '50s and '60s, which was this sort of concentrated period of minimum-wage increases, it's bigger than that, and a bigger, shorter -- and a bigger increase in a shorter time.

So, I just think -- I would like to add one thing to some remark you made, Senator. You were talking about the business community.

I'm not here to talk for or express concern about, quote/unquote, the business community. There are other people here to do that.

The point in fact of the research we co-sponsored, and the point I'm trying to make here today, is that you ought to be concerned about individual workers and about employment opportunities in New York State.

Forget about the businesses.

If those -- those come through the businesses.

And I'm not saying you should disregard the interests of business, but the point is, I -- businesses will speak for themselves.

I'm talking about, you ought to be thinking about workers, and opportunities for workers, and how counterproductive this will be for workers, especially the workers who are going to -- who are supposed to be most benefiting from this.

SENATOR MARTINS: And we'll have representatives from the business community, we'll also have representatives from the not-for-profit community, who will also be testifying later today, and they can get into those particulars.

But, you know, you mentioned the earned

income tax credit, and the ability that we have here in New York to directly assist people who are working, as opposed to a safety-net program, as opposed to other forms of public assistance, that there is a route already in place, or a program in place, that will actually put more money in people's hands, because that's really -- part of this is, how do we give people the ability to support themselves, and, on the other hand, weigh the impact to the job creators out there?

And if there's a way of more directly putting money in people's hands, as opposed to, perhaps, impacting or devastating certain employment sectors in this state, you mentioned earned income tax credit as a means of doing that.

How do -- how would we do that?

E.J. McMAHON: Well, I mean, that there's no question that the way to most directly and efficiently concentrate more resources on low-income workers, is to -- without affecting hiring patterns and opportunity, is through the earned income credit.

And, again, you can go to his article, not to be -- just cite one guy, among many, that was -- Krueger, among others, made that point also.

Many economists, some who think there's an impact, and some who think there's not, have all talked about how the earned income credit is the way to concentrate most efficiently added income to people who are in low-wage jobs.

Now, that's not to say, to a surprising degree, the earned income credit has not been sufficiently examined and revisited by researchers. There's a paucity of research on how to improve the earned income credit.

One big problem with it is, it's paid -- the limits of the program are such that it is paid once a year.

People have to go to tax prep, file their tax return, and then get a check for several thousand dollars, and the child credits are part of that.

If there was a way to somehow -- there have been experiments that have been sort of 50/50.

If there was a way to somehow make it -- to run it regularly through somebody's paycheck, which the ACA mechanism on insurance may actually have created an opening to.

Perhaps New York could even pilot a program.

There's one big problem here also.

Our EITC, about which we've written in favor in the past in my organization, is 30 percent is geared as federal -- 30 percent of the federal level, we spend a billion dollars a year on that program.

The federal EITC, (unintelligible) based on that structure, so we'd have to change our definition, and there would be a budget outlay increase for that.

Although, when you start hearing from the non-profit industries about how much it could would cost just them to even -- many of whom haven't caught up with the $9, much less $15, the figure won't look as big as you think.

The federal minimum -- EITC is geared, generally, in a general way, to the federal minimum wage, so it doesn't actually peak. It's kind of out of joint with places with higher minimum wages now.

I think a lot of interesting work could be done in figuring out how to enhance the minimum wage.

The President, President Obama, has spoken about enhancing the EITC for single individual workers, which is very -- there's almost nothing at the moment. And there's been a lot of thought, and, again, potential bipartisan support for doing that;

and, also, for sweetening it for married couples who don't get any real -- who don't get, arguably, sufficient benefit from it now.

So that's kind of where the thought is.

I think a lot of work can be done to examine the EITC in more detail and figure out how to make it more effective.

SENATOR MARTINS: Of the jobs we have here in New York State, can you tell me, roughly, if you know, what percentage are from small businesses, what percentage are from large businesses? To the extent that you do.

E.J. McMAHON: Offhand, I forgot to research that. I'm sorry.

I'm sure subsequent witnesses will know it.

A lot of low-wage jobs, obviously, are with small businesses and small firms. And the general economic understanding is that profit margins and operating margins are thinnest in small businesses and the types of businesses that employ low-wage workers.

SENATOR MARTINS: When we discuss these issues, you know, there are people who will discuss these issues and think of the large stores, the multi-billion-dollar corporations, whether they're fast-foods, or whether they are, you know, the Walmarts or the Home Depots or the Lowes or...you fill in the blank.

When I discuss this issue, I think about the shop at the corner at the end of my block.

And, so, it contextualizes these issues for me because, you know, someone put a figure to this, and I think it actually may have been the Governor, that this will put $15.6 billion into the economy.

But this isn't $15.6 billion that wasn't already in the economy. This isn't new money.

That is money that is coming from somewhere else.

And to the extent that there's an argument that's going to be made that that money is coming from large retail, multi-billion-dollar companies, there's a discussion.

And, so, I would like to focus on, and perhaps it's not with you, perhaps it will be with somebody else, if you don't wish to comment on it, but the amount of money that comes from those small businesses, frankly, those people whose kids are going to school with my kids, and who own businesses locally, is a real concern, because they're no longer going to have the money to spend, and they were spending it.

So what do we -- how do we deal with that?

E.J. McMAHON: Well, I mean, I don't think, for instance, that the idea of, somehow, doing some tax trade-off and we'll make it up to them in the back end, that is a -- should be a non-starter, because you're talking, wages are part of your gross above-the-line expense.

Taxes are a sliver of your operating margin, which, in the case of many of these businesses, is very small.

The cost of the higher minimum wage for many of these businesses will be probably hundreds of times more than any savings from any conceivable tax; in fact, hundreds of times more than you pay in tax.

I think that it is ironic that much of this discussion has taken to sort of objectifying big multinational, even global, chains, such as McDonald's, as the so-called, sort of supposed "evil-doers" who are taking advantage of and are exploiting low-wage labor.

When, in fact, if you implement a policy like this, like all labor regulations of all sorts, the employers that are most -- best situated to deal with it, absorb it, and, after, whether or not they fend it off, you know, surviving, are big employers.

At the end of the day, you will end up with more retail, more service, more food service, being done by and owned by chains, the bigger -- the bigger the more likely, than by community businesses, if you do this.

There's no question about it.

SENATOR MARTINS: So if I have a local hardware store and I have a Home Depot, and this goes into effect, what you're suggesting is, a year or two, three years, down the road, my local locally-owned, small-business-owned hardware store is out of business, and Home Depot is still there?

E.J. McMAHON: Well, think about that.

And there's been -- there has been research on this, and exponential studies about it.

But just from your own experience, when a Walmart on Home Depot comes into a community, the first thing that happens is, the guy with the local hardware store freaks out, because he thinks, Well, that's it. They sell rakes for half of what I do.

Then what happens is, they realized they keep of a lot of their business, they certainly keep me, because when you walk in and you're not sure what size to bolt the buy, the guy you've known for years knows, walks you down the aisle and says, You take this one instead of this one.

Whereas, somebody in Walmart doesn't know anything, if you can find them.

So the local business survives on the basis of the service it provides, which equates to the people it employs.

The Home Depot/Walmart model is much less intensive in terms of employment, and, of course, it's spread across a much bigger base of capital support than the local hardware-store owner who maybe has the, you know, Ace franchise.

And those are the -- that's just to cite that type of business.

Clearly, you don't need to -- you know, this is based on your own experience. You can figure out what will happen here.

It makes it much hard, that much harder, on the individual, the small employer, or the employer with a small -- with two or three stores in a particular community, than on the larger employer.

The larger employers will complain, I assume, but at the end of the day, they'll deal with what they have to deal with. They are big, fat, capital-intensive businesses with huge marketing budgets.

SENATOR MARTINS: You know, I -- and I will ask this as the last question --

I know my colleagues have some questions as well.

-- as I was reviewing the materials for the Wage Board that was convened recently, and you look at some of the statistics that existed there -- and I certainly suggest that, whoever is interested, should go back and take a look at it -- they looked at the number of employees by -- for fast-food franchises.

So, those franchises that had fewer than 10 employees, those that had between 10 and 20, those that had over 100, and they are -- they gave the average salaries that were paid to their employees, given the number of employees that they had.

And what you will find is that:

The larger ones, those that had more than 100 employees, or more than 500 employees, were actually paying their workers over $15 an hour.

And those that had fewer employees, they were small franchisees, the kinds that we were discussing just now, were actually on the lower end of the scale.

So the larger companies have an opportunity by that, and I'll extrapolate, to be able to support the higher wage.

So, I appreciate that.

Senator Savino.

SENATOR SAVINO: Thank you, Senator Martins.

Thank you, E.J. McMahon.

I might not always agree with your findings, but I certainly have great respect for the work that your center does, and the thought-provoking information that you bring forward.

So I want to go over a couple of points that you made, because I've read in other articles where you've talked about the EITC, and I think you're right.

I think, regardless of what happens with minimum wage here in New York State, I think it's time for us to reexamine whether the EITC really is a valuable tool for working families, and what we can do to prop it up.

So can you expand a bit more, are you suggesting we shouldn't raise the wage? We should spend more time focusing on how to make EITC a more valuable tool for working families?

E.J. McMAHON: Well, first of all, I think there is no question that it is a valuable tool.

I think one of the things that we haven't done certain state-focused work on, and we have an exceptionally large number of people in New York State who claim the EITC, is:

Are there better delivery mechanisms?

Are there -- how, and whether, we can enhance it again for single individual workers?

And how you would distinguish between individual workers who are college students over the summer, but maybe have claimed emancipation to get a loan; and individual workers who are trying to support themselves, solely?

There's all these sorts of questions.

These are questions that have come up with the EITC in the past.

I do think that, first of all, the EITC should not be overlooked, which it has been, I think, in general, is almost always overlooked in this discussion.

The implication in this discussion always is, that people out there are supporting families purely on the wage without any sort, without any other cash.

And there is cash, and it's not -- "public assistance" is the wrong name for the earned income tax credit.

SENATOR SAVINO: Oh, I agree.

E.J. McMAHON: Public assistance is standard welfare.

Public -- the earned income tax credit is earned.

And the same goes for the child credit, which goes to people way up -- most taxpayers up the income scale get the tax credit, get the child credit.

So you're being treated the same as anybody else.

But I do think -- I think we need to look at it. I think we need to do the kind of research that you can do only if you have access to the State Tax Department's records, and I could do some blind-research involving a comparison, both, of people in TANF welfare-to-work programs and the EITC roles.

I think there's not enough we know about how effective it is.

I don't think enough recent research has been done, to actually talk to families who get the EITC, to find out what the strengths and weaknesses are.

And, again, to focus a particular, not just on the levels, but on the delivery mechanism.

Should there be a regional difference in the EITC? is another issue.

So, I think there's a lot of interesting questions surrounding the EITC that, really, we haven't asked, and that you need a government entity to sponsor those questions in order to get into the data at the level you need.

SENATOR SAVINO: Right.

You also brought up the issue of, using the example of child care-care workers, that if we were to raise the wage for -- raise the minimum wage for workers everywhere, they would also be entitled to an increase in the minimum wage.

But that's also a group of workers for whom the majority of their income is capped, based on the subsidy that a working family has to obtain that child care.

E.J. McMAHON: Right.

SENATOR SAVINO: So a lot of them are -- their income is depressed simply by government policies.

So would you think it might be a good idea for us to revisit the subsidy rate for child care?

E.J. McMAHON: Well, here -- I think that an honest way of approaching it, and I respect the way you've been talking about this, is because what you're implicating is, Well, if we're going to do this, we're going to have to spend a ton more money.

I mean, basically, that's the implementation of what you're saying; and the answer is yes, if you believe wholeheartedly in this.

And I do think the economic consequences throughout the private-sector economy, direct and ripple effects, will be more negative than you can stand.

But if you were just looking at the impact on public-sector budgets, and confronting it honestly, as I think you're doing, is you have to recognize that there are untold hundreds of millions of dollars in costs associated with the wage levels now paid to employees of non-profits, many of whom don't make -- are just barely getting up to $9 an hour, much less $15. And that there's been no talk of that.

I think, when you -- when we -- when you really dig into the expense of that, I think it's going to be very large, perhaps shockingly large.

And, remember, let's say we ignored that, even though we shouldn't, let's say you adopted this and ignored that.

And as you point out, there's caps.

But, remember, this becomes the prevailing wage.

So, the non-profit program is employing the person whose wage is capped. And the commercial child-care center, or the other child-care center that doesn't have subsidized clients, is not capped.

So that person now can get a job at another place that pays -- is required to pay more.

That's -- this is how it can disrupt labor markets.

It's also wise, I think as an important point, when you begin to hear about and get documentation of the impact on nonprofits, and I think also, probably, the impact on small business, I think the natural first tendency of the Legislature is to say: We need carve-outs. We've got to slow this schedule down. We've got to carve out. We have to exclude. We have to have a training wage.

The problem is, if this 15 -- if this minimum wage increase is to have any meaning at all of the sort you ascribe to it, it's going to affect labor markets.

Just because I have a carve-out doesn't mean I'm going to be in danger of losing employees or having wage pressure because of the places that don't have a carve-out.

So, there are those effects.

And I do respect what you're doing, which is at least to try to call attention to the fact that there are tremendous costs with this, particularly to those services that are subsidized: human services that are subsidized, by government.

SENATOR SAVINO: Thank you.

I have two more questions, and I'll be very quick.

Even though we don't have a proposal before us, you know, we assume we know what we're talking about, based on, you know, rallies that have been held, and public comments that the Governor has made, and we can look at the Wage Board and the action that they were asked to take, and I think what the Governor has proposed for SUNY and some other state employees.

So we think we know what we have, but we don't have a bill.

But part of the discussion, (unintelligible) has been made, in an effort to blunt the impact, so to speak, on businesses and small businesses, has been a suggestion that perhaps the State should provide a tax cut to small businesses.

What's your opinion on that?

I don't have an opinion on it --

E.J. McMAHON: I don't -- whatever other reason there would be for doing a tax cut for small businesses, this is not the one.

This is not apples to oranges.

This is like apples to, you know, mangos, or palm trees.

I mean, this is, you're talk -- again, wage costs, and it varies, depending on the type of businesses, but wage costs are part of gross expense.

Your taxes is applied to your net income.

Businesses -- you're talking about businesses, in many cases, with margins, basically, their profit or income margins, of 1 to 4 percent, to which we then apply a 6 1/2 percent maximum tax rate, or varying, depending on the income tax.

So you're talking about a small percentage of a small percentage.

The labor cost is the gross above-the-line expense.

You can construct many models of a business, a "small business," defined as, in the Governor's new small-business tax cut, for instance, a small business with, say, 50 or 60 employees, which has average wages of, say, fifty, fifty-five thousand dollars, including some people who are clustered in low-wage jobs just above the minimum wage at the bottom.

When you say -- when you force them to apply that to this business, that business's wage costs -- that business may have a net income of $200,000, taxable. It has wage costs of millions of dollars, 2 or 3 million dollars.

And you're increasing the wage costs, which may be 2 or 3 million dollars, by, let's say, on average, because they're not all minimum wage, 10 or 20 percent.

Well, 10 or 20 percent of 2 or 3 million dollars is more than your entire net income.

So it's not -- there is no way this one thing relates to the other. It's not even worth thinking about.

I mean, you do a minimum-wage increase -- and, frankly, I was united with some of the people in this room who are normally -- we normally -- normally, we disagree on minimum wage.

When the small minimum-wage tax credit was enacted several years ago, people on both sides, and we all spoke out, we said, This is a bad idea. This is not -- this is counterproductive. It's pointless. Don't do it.

It was done anyway.

But, I mean, I don't think you should even think about it.

SENATOR SAVINO: And no one claimed it either. It's amazing.

E.J. McMAHON: Well, I mean -- well, yeah, because it was pointless. I mean, I'm not surprised.

But, I mean, that's the -- and if it had been more generous -- if it had been generous enough to claim, it would have had counterproductive unintended consequences that you wouldn't like.

So, it was -- I wouldn't even think about it.

SENATOR SAVINO: And I have one -- thank you for that.

I have one final question.

One of the reasons why -- this is very contentious, the minimum wage.

I've been in the Legislature now since 2005.

And I think the 2004 cycle was a big fight over whether we should raise the minimum wage then to, I think, $6 an hour. And we've done it three times since then.

But it's always difficult, and it's -- you know, and the same arguments come forward that, you know, employers can't handle it, and it will harm workers, it will eliminate jobs at the low end...all of the arguments we're going to hear today, written large, again.

But here we are, trying to discuss it.

So in your opinion, as an economist --

E.J. McMAHON: I'm not an economist.

SENATOR SAVINO: -- an expert at these things --

E.J. McMAHON: Okay.

SENATOR SAVINO: -- in your opinion, since it's taken 85 years, almost, for the minimum wage in the United States to go from 25 cents an hour to $7.50 -- 85 years, right? -- would it be better if we took the politics out of it, if we eliminated this, and we were to raise the wage, establish a base floor that provides a living wage, that provides predictability for employers so that they know what they're facing, and then peg it to the rate of inflation?

E.J. McMAHON: Well, a lot of people have advocated that.

There's not broad agreement on it, but a lot of people who were for a higher federal wage have advocated that.

I would note that none of the most serious advocates of that have talked about going to 15, and indexing it.

SENATOR SAVINO: But --

E.J. McMAHON: But, yes, that's been a serious proposal.

I think, I don't think I misspeak, I think even Mitt Romney supported indexing the minimum wage.

SENATOR SAVINO: Imagine that.

E.J. McMAHON: But, not 15.

I think that the other thing we should be conscious of, though, again, which I think is getting more, sort of, belated recognition from those economists who are writing about raising the federal minimum, is recognizing the regional differentials, because they've looked a Seattle and said, Hmm. Seattle's like this bubble of wealth creation right now. It's booming. It's filled with people going out to dinner, basically, okay, allegedly.

Well, Binghamton is not Seattle.

You know, Elmira is not Seattle.

And, that, I think there's also, if you were thinking about automatic ratcheting devices, that you -- not necessarily endorsing that idea, but getting at what you're getting at, if you're thinking of, Let's just do it one and done. Let's just do something and ratchet it? You also ought to be thinking about regional wage norms, and not simply having statewide ratcheting devices in a state as large and diverse as New York.

SENATOR SAVINO: Well, I thought I had, that was the last one.

But then on that point, while there are different wage rates by state, recognizing New York's more expensive than Nebraska, and the feds set the real floor, we set our on ceiling here, or our own wage floor, which is -- whatever, has there ever been an experience where a state has more than one minimum wage --

E.J. McMAHON: Yes.

SENATOR SAVINO: -- within their state?

E.J. McMAHON: New Mexico does, for instance, they're all high. And New Mexico is a very sick puppy.

SENATOR SAVINO: They're all high? As in --

E.J. McMAHON: They're all high minimum wage -- well, no, they're not high, in that.

You're thinking of other legislative battles.

They are -- they had extremely high minimum wages.

In fact, Santa Fe was the only place you could find in the country that, in one fell swoop, went quickly, on a percentage basis, as much higher as the feds as this would take us, about 10 years ago.

It was very poor -- the New Mexico economy has performed very poorly.

It has a variety, I think, much of the state has different minimum wages. Highest in Santa Fe.

They're all higher than the federal minimum wage.

They're all pretty high, by national standards, and I don't think it's come out too well.

SENATOR SAVINO: But the establishment of different wage rates within the state --

E.J. McMAHON: Oh, that's a pattern, yes.

And there are -- obviously, it's happening in California now. Los Angeles is going to -- on its way to 15.

The state of Washington, with Seattle.

There are states that permit local minimum wages, yes.

SENATOR SAVINO: Thank you.

E.J. McMAHON: You're welcome.

SENATOR MARCIONE: I have one.

SENATOR PERKINS: I have a quick question.

SENATOR MARTINS: Yes, Senator Marchione, and then we'll come to you, Senator.

SENATOR PERKINS: Of course. Whenever you're ready.

SENATOR MARCIONE: Thank you, E.J., for your testimony today.

Certainly can see that you have some serious concerns about $15 an hour.

But, would you have a suggestion or an alternative or a compromise that you think would work in New York, and still help people perhaps have a higher minimum wage?

E.J. McMAHON: Well, putting aside the fact that I wouldn't advocate necessarily any increase in minimum wage; but, rather, than looking at a pause, at least now, after the increases we have had. So I'm not advocating it.

However, I think that, actually, we were just leading to this, I think, almost.

I think Senator Savino had the better approach last, year which was the fair labor -- "fair local wage" bill, which would allow New York City and counties in New York State to set wages.

And as your own -- I pulled out your memo of justification, because I thought it made some points that are still very valid, relevant to this debate, which was, first of all, that it would have recognized the -- as you put it, the wide variation in the cost of living in different parts of the state, which has not been recognized in this discussion.

Secondly, you wouldn't have the State completely evaporate from the discussion, because you would basically peg what localities could do to some maximum percentage of what the state set, which in your bill was 30 percent above --

SENATOR SAVINO: Right.

E.J. McMAHON: -- which is, I think, was 11.70, or something.

But, I think that if you have to do anything, or you want to consider doing anything, I think that that is a far better approach, that allows local communities and local elected officials to recognize the dynamics of their own labor markets and to weigh all of the pluses and minuses.

I think that's a far better approach, it was, and it is, than the approach we anticipate is going to be presented to you by the Governor.

SENATOR MARCIONE: You don't not feel that county-by-county is detrimental to the businesses that are there?

That in Saratoga you would pay, you know, a certain amount, in Albany you pay a different amount?

E.J. McMAHON: Well, I think what we would frequently find out, is I think the counties would quickly learn whether -- what kind of difference it made. I think that they would have to think about that in setting their wages.

My prediction, based on nothing but hunch, is that very few would move far out of line with many others, outside of New York City.

But, you would have a discussion that was far more relevant to and grounded in local reality than we're having now, which, frankly, with all due respect for people in this room, has been carried out, largely, with references to McDonald's in mid-town Manhattan. And that's not -- that is not relevant to a situation with nearly 50 percent of the hourly wage earners in the Southern Tier.

SENATOR MARTINS: Thank you.

SENATOR MARCIONE: Thank you.

SENATOR MARTINS: Senator Perkins.

SENATOR PERKINS: Thank you.

Thank you very much for the work you're doing, and being here today.

You mentioned Allen B. Krueger?

E.J. McMAHON: Yes.

SENATOR PERKINS: And as a former advisor to Barack Obama?

E.J. McMAHON: Right.

SENATOR PERKINS: Are you implicating that Barack Obama subscribes to the points of view that you or Mr. Krueger had on this?

E.J. McMAHON: Wouldn't for a -- I'm not sure where he stands.

I think he's proposed a $12 federal minimum wage. And members of his administration have been in the neighborhood of this proposal.

So I'm not sure where he stands.

SENATOR PERKINS: Okay. I just wanted to be sure.

E.J. McMAHON: Right. No, I'm not -- I --

SENATOR PERKINS: That's a slippery slope.

E.J. McMAHON: I wouldn't dare imply anything as being the President's position.

SENATOR PERKINS: Okay. Thank you.

E.J. McMAHON: You're welcome.

SENATOR MARTINS: Thank you, Mr. McMahon.

E.J. McMAHON: You're welcome.

SENATOR MARTINS: Next up we have Mr. Hector Figueroa, president of SEIU 32BJ.

Mr. Figueroa, great to see you again.

Hope you had a good New Year.

HECTOR FIGUEROA: Great to see you too.

And, good morning to you, Mr. Chairman, Senator Martins, and all members of the Standing Labor Committee.

And, Happy New Year to us all in this room.

SENATOR MARTINS: Amen.

HECTOR FIGUEROA: Feliz navidad.

So, I understand that you have a copy of our testimony, so I going to make some references here and there to some aspects of it.

And then I would like Jameel Mitcham (ph.), who is one of our security officers who is currently employed at the New York Public Library system, and he earns $11 an hour, to relate to you his personal, you know, experience and his thoughts as to why raising the minimum wage to $15 an hour would make a big difference to workers like him.

SENATOR MARTINS: Thank you.

HECTOR FIGUEROA: So, why don't you start, and then I will complement you.

JAMEEL MITCHAM (ph.): Good afternoon, Senators.

SENATOR MARTINS: Good afternoon.

JAMEEL MITCHAM (ph.): Yes, like he said, my name is Jameel Mitcham, and I work with NYPO Library in New York City.

And I'm glad to be a part of this campaign for the "Fight for 15," and, you know, it's not -- it's about money, yeah, money is important. But it's also about the livelihood in the community and my -- and our families, you know, is affected by this too.

And, you know, I just want to say that, you know, thanks to everyone who's in support for this. And I hope that we all get it together for the whole of New York State, not just, you know, the city. The state as a whole.

And I'd like to thank you for your time and patience, and have a good evening.

SENATOR MARTINS: Thank you.

HECTOR FIGUEROA: And I'm sure Jameel would be open to questions after I make a brief introduction.

SENATOR MARTINS: Of course.

HECTOR FIGUEROA: Thank you.

So, first of all, I really want to thank you for the opportunity to be here today.

I found both the previous testimonies, both, by my brother George Gresham from 1199, and by E.J. McMahon from the Empire State Policy Center (sic), very illuminating and helpful, and it speaks to the depth and to the interests of this Committee of really examining the question of raising the minimum wage statewide to $15 an hour as being a serious endeavor.

And I want to, you know, thank you for that.

From the perspective of Local 32BJ, and I'd like to give some background on us, we are a union that is along the East Coast. Our jurisdiction goes beyond New York.

We have 145,000 members, that go from New Hampshire all the way to Florida.

So we have experience in many multiple markets with many multiple rates, with many different initiatives, whether they are in Connecticut, Massachusetts, or, Philadelphia, recently, for airport workers, about raising wages for low-wage workers.

We are incredibly proud of the 75,000 members that are here in New York State, and what we have accomplished over 80 years through collective bargaining.

Since 1934, our union has been able to negotiate good jobs that, you know, pay living wages, provide benefits, and doing it in, you know, the process of bargaining with, you know, the real-estate industry in the states, but also, largely, in downstate and the city.

We have been coming to these hearings precisely from having bargained new contracts for 45,000 workers in the greater New York metro area. Not just New York, but also Connecticut and New Jersey.

And those contracts have provided for raises for workers that go as high as almost $27 an hour, you know, in New York City, and, you know, have injected into our economy half a billion dollars in new money, whether it goes to wages, health insurance, pension. And if you multiply that in the way that economists calculate, probably to over 2.2, 2.3 billion dollars to the greater New York City metro area.

So we come to this hearing, we hope, with a background of having been working on this issue from the collective bargaining side, but, also, as part of a movement, the "Fight for 15," that while it began among fast-food workers that courageously went on strike in 2012 in New York City, largely, with the support of SEIU and many community activists here, made the road to this inaction, New York Communities for Change, many others, these workers really, essentially, were able to capture the imagination of the country because, by the time they took action, it had become very apparent that income inequality is one of the biggest challenges of our country, I would say also our state, our city face, at this moment.

The Economic Policy Institute has established that New York State is second only to Connecticut in the polarization in income, the income gap, that exists, you know, for any other state.

So it is that preoccupation, the fact that the gap between the rich and the poor has grown so severely over the last 30, 20, years, plus the erosion in the earnings of workers, that bring us here today, I believe, to this hearing, but because workers took action on the street and demanded 15, just like predecessors many decades, a century, before demanded an 8-hour working day at a moment that people were working 12, 10, 16, 18 hours a day.

So, I want to look at the poetry for the moment, understanding that prose is the way that we enact law, because the poetry is what compels us to have this hearings, it's what compels us to act, it's what helps us to (unintelligible) humanity, and the travails and the challenges that workers like Jameel face, and that we keep that element as we debate the prose to what course of action we take.

We have been experiencing in 32BJ, significantly, the impact of raising wages.

In Washington this year, and as part of our testimony, we raised the wages for security officers. The wages went up $6 an hour.

Workers there provided testimony, like Jameel here today.

One worker in mind was Chanta Jennifer (ph.), who, I want to quote her because I believe she captured the sentiment of workers who are going to be the subject of this bill if we successfully pass it.

She said at the time, testified in the (unintelligible), "I am proud to be part of the city's defense system as a security officer, but, at the time, my wage of 8.24 an hour, I cannot support by 3-year-old son, and that's really all that we ask for."

Likewise, workers that are demanding $15 an hour today in New York State, that's all that they're asking for, is to recognize the value of their work, and to recognize that they need to make and meet, and that they have to be able to work for a living without being constantly, constantly, having to balance out whether they buy medicine, whether they pay the rent, whether they buy, you know, the goods, you know, to have food at the table, balancing out so many needs, some of them finding themselves in shelter homes because they cannot afford for themselves and their families.

So -- so that's clearly the problem they have, and I know that this Committee, each and one of you, you may have a different view of how to solve the problem.

I come here with the assumption and under the belief, by looking at your trajectory as legislators, that you care about the problem, and it is not that you ignore that reality.

When we passed the wage increase for security officers in Washington, D.C., the impact that we experienced was that the economy, the market, absorbed that increase. That there were no reductions in the level of employment of security officers. There were no security companies that found themselves unable to meet the demand.

They were able to meet the increase.

The same experience we had when we raised wages through organizing workers, among workers in New Jersey, where workers were making about $6 an hour in 2001, and through the efforts of 32BJ, they are now beyond the $15 an hour that we are discussing here at the table; and, yet, the market absorbed that. They continue to work.

And the way that many of the businesses reacted was by increasing productivity, by organizing the workforce in a different way, by trying to provide the same service, you know, perhaps charging a little more or there, or, perhaps charging the same amount, but finding other areas in their operation where they could compensate for the increase in wages.

We also have the other reality that, beginning this movement, not only fast-food workers, but also home-care workers, some of whom were here, or may still be here in the room, airport workers, have been making the demand for 15.

And I know that one of the questions that you raised before is, "why 15?" Why not some other number?

We can find many rationals for this.

But I would say, if we were in 1963, and Dr. King were testifying here -- and by no means am I pretending to be Dr. King -- but I do believe that workers like Jameel is what Dr. King had in mind when he had the march in Washington in 1963.

One of the demands of that march was an increase of the minimum wage to $2 an hour.

$2 an hour.

And I have been here waiting to do the testimony, in the BLS calculator, Senator, that you encouraged everyone to use, and I think it's a very valuable tool, it's $15.51.

Dr. King was fighting for $15 an hour for low-wage workers.

SENATOR MARTINS: Got it.

HECTOR FIGUEROA: We are about to be celebrating his birthday in two weeks.

Dr. King would have used both poetry and prose to say that, $2 then, $15 now, it is the kind of money that, when you put it in the hands of workers like Jameel, can make a difference for themselves, for their families, for their communities, provide more than a minimum level of living.

And that is 2015 of the (unintelligible) calculator.

And at the end, wait for 2018, I imagine it will be a little higher than 15.51.

So this is all to say that, as legislators, while looking at the balance and the costs, you know, the cost and opportunity that this presents, balancing out all different perspective, I strongly encourage, from the experience of our union in raising wages, and witnessing through collective bargaining, that the economy adjusts to that, to the experience -- the live experience of workers like Jameel, and to the dream of Dr. King, and an entire movement, to do the right thing, to pass this legislation. It increases it gradually.

And there will be other things that I will be very happy to work with you, and our members will be very happy to work with you, whether it is an earned income tax credit, whether it is child-care support, whether it is affordable housing, whether it is helping businesses survive.

In my neighborhood in Jackson Heights, it is not wages that is driving small businesses away. It is increasing rent, it is increasing in insurance.

It is, quite frankly, a code of regulating businesses that should be looked at, as to what businesses can and cannot do, to make sure that it's up to the (unintelligible), and to the way that businesses operate.

So I believe that those things are very important, but doing that overall package, to help low-wage workers, should not get in the way of doing what is most needed, what is immediate, what compelled Dr. King to march and hundreds of thousands to march in 1963; and that is a $15-an-hour minimum wage.

SENATOR MARTINS: Hector, always great to see you.

We had an opportunity to participate in a panel about a month ago, and there was something that you said that struck.

And you know, we can continue to use the "poetry and pros" analogy, if you like, but you said back then that, we wouldn't be having this discussion if it wasn't for the poetry of this "Fight for 15."

And, you know, that's true.

You know, we're here, having a discussion about minimum wage.

We're having a discussion about the working poor.

We're having a discussion about earned income tax credits.

We're having a discussion about safety-net programs.

We're having a discussion about so many of those things that we should be having a discussion on, because of that effort.

Now, I value that, and I think that the importance of that discussion is there.

I also think it's rather poetic that you were able to check that Martin Luther King, Jr.'s effort for $2 back in 1963 is $15.50 now.

But, you know, it's appropriate, because it's a fight that continues.

So one of the issues, and Senator Savino brought it up earlier, is, you know, is there value in tagging this to inflation, going forward?

Is there a value in our doing that so that we're not, obviously, moving by leaps and steps periodically, and sporadically?

Because, frankly, if I hear anything from the business community, aside from, obviously, their concern about this, and the not-for-profit community, it's that these increases, and the amount of these increases, is a real concern for them. And for many of them, we'll put them out of business.

And so if we have the ability of phasing in those increases incrementally, it gives the business community, I believe, and not-for-profit community, a much better opportunity to absorb them over time.

And, so, is that something you're advocating for?

HECTOR FIGUEROA: Well, it depends what the base is that we start from, and what the policy goal is.

The policy goal is to maintain the value of labor, so to speak, right, the hourly pay, not taking into account compensation, benefits, paid leave, and other things that are assumed are somehow provided, right, either by employer or maybe the worker is able to cause himself or herself.

The inflation cost-of-living adjustment could make some sense, but there are other criterias that you may also want to consider as a legislator.

What you want to do, sometimes, is to look at the moment in which the economy is, the kind of needs that need to be provided, and then do an adjustment accordingly.

That's why the process of raising the minimum wage is not purely mathematical operation.

You know, there is poetry, there is prose, and then there is mathematics.

And I'm glad that it is not a pure mathematic operation because the historic needs change. Right?

SENATOR MARTINS: Hector, if you start talking about Common Core...

HECTOR FIGUEROA: Yeah -- no.

[Laughter.]

HECTOR FIGUEROA: Well, that falls into a different category. I'm not going to mention what that category of language that goes into.

But I would say, you need to look at increases in productivity, you need to look at what workers need.

In an economy where people increasingly depend on others to take care of the children because both spouses in a household work, that brings a different kind of minimum-wage need than in an economy where that is less of a reality.

There are wage differentials among workers.

If collective bargaining succeeds and there is a rebound on labor, or if you look just at New York, should you use the inflation rate? Or should you use the average collective-bargaining settlements, and then establish a raise in the minimum wage based on what the average collective-bargaining agreements, you know, bring forth; what Peter negotiates, what George negotiates, what we negotiate, and then looking at the difference between that and the minimum wage.

So I would say there is not a simple answer.

I am in favor of maintaining having additional increases from the base that makes sense.

To us, $15 an hour, by 2018, is a sufficient phase-in.

You asked a question earlier, too: What is the living wage today?

That depends on how many dependents you have. That depends on where you live. Right?

Senator Savino knows about this, because we worked --

SENATOR MARTINS: Are you a single parent? Are you a two-income household? How many children do you have?

And you can --

HECTOR FIGUEROA: (Unintelligible).

And if you use the MIT calculator -- again, that's the good thing about not being the first man to testify, I can check that in my iPhone -- it can go from, you know, 22, 23 dollars, to as big as $42 an hour, if you are a single parent in Long Island, Nassau County, or on the Northern Fork.

SENATOR MARTINS: I know it --

HECTOR FIGUEROA: I know, and that's why I'm using that example.

It could be as high as $42 an hour for a parent with three children that depend on that one income.

So, again, what we are looking at is, to me, it is not going to be a practical, timely enterprise to arrive to a very logically, very well-grounded, 98 percent, R-square equation, you know, of certainty of what the numbers should be.

I think that we need to respond to the fact that, you know, $15 an hour is a policy that is gaining momentum in the country. That "$15 an hour" happens to be a number, that it is where 64 million workers in this country are. Almost 50 percent of workers in this country are earning $15 or less.

That is a number that, based on the standard cost of living, based on the activity of the fast-food workers, is a number that finds its way into the economy.

I would argue, and I have said this to City and State, (unintelligible), that the number, eventually, will have to become higher, but there are many ways in which it can become higher.

If we could have workers' greater ability to bargain, we, their employers, without fear of being intimidated, by coming together under a sitting contract; if we provide a safety net of training, of upgrading productivity and skills; if we address the problems of affordable housing and access to location, the number will go up.

And you know what? That will be good for our economy, because in a low-growth economy, if the way that small businesses in my neighborhood or in the Northern Fork are going to survive is on the dependents, on the -- and I like to use the term "dependents" almost as a substance-abused term on low-wage work, we're not going to get to that economy.

That is an economy that is a high-growth economy where people can afford to pay more for the doughnut at the bakery, you know, around the corner, or to pay a little bit more for groceries, or be able to afford higher child care.

How do we get to that economy that sustain high wages and the ability for people to be paid for the true value of the service they provide is a challenge. But I think raising the minimum wage to 15 is actually a step in the right direction of getting to that economy.

But I agree with you that it would require many other things, from collective bargaining to training.

SENATOR MARTINS: And you're absolutely right, and I agree with you.

I often say that, you know, in this thing we do here, which is trying to set public policy, we need to play chess, and we have to stop playing checkers.

You know, it's not one-dimensional.

You have to take a 360-degree view of an issue from the standpoint of that low-wage worker, and then remove yourself.

And go to that small-business person and take a 360-degree view from that person and their opportunity to continue to run that business and employ those people.

And then we've got to come back and look at it from the perspective of the large multinational corporations that, frankly, may have the ability to absorb it, so they're going to be less likely to be opposed to something like this.

But we have to look at different perspectives, and I certainly appreciate the perspective that you bring to our discussion here.

Now, you're an employee of the library?

JAMEEL MITCHAM (ph.): Oh, I'm not exactly an employee of the library. I'm contracted through the library. I work at the library through --

HECTOR FIGUEROA: He works for a private contractor employed by the public library.

JAMEEL MITCHAM (ph.): Yeah, I'm -- my

business I work with is actually Spartan Security, contracted through the library.

SENATOR MARTINS: Very well.

So your employer is contracted with --

JAMEEL MITCHAM (ph.): The library.

SENATOR MARTINS: -- the library.

JAMEEL MITCHAM (ph.): Uh-huh.

SENATOR MARTINS: And would that be covered through any policies that the City may have with respect to setting living wages?

Because I know that there was an effort that the City has had to set living wages for their contracted services.

You know, is there a way that that can happen?

Because, you know, one of the efforts that we've also discussed, and it's come up a couple times today, is, you know, there is the ability of local communities, whether they're counties or whether they're cities, to also set, in their own way, certain minimum-wages or living-wage requirements.

How does that work?

JAMEEL MITCHAM (ph.): I'm not exactly sure, but I can find out.

SENATOR MARTINS: No, no worries. We can always look it up.

But, you know, I appreciate you being here, and thank you very much for that perspective as well.

Senator Savino.

SENATOR SAVINO: Of course.

Thank you, Senator Martins.

Thank you, Hector, for your testimony.

I've -- you know, I've known you probably longer than anybody on this panel up here.

HECTOR FIGUEROA: We were very young.

SENATOR SAVINO: We were very young. Very young and idealistic. And we still are.

But I just want to hit on two points, because you have been involved in both the "Fight for 15" for fast-food workers and the fight for airport workers.

All of them are contracted, and you represent this young man who's a security guard, now working for a company that's contracted to the public library; which opens up a whole other issue about wage stagnation and wage depression that's occurred over the past 25 years in what I believe has been, you know, this -- the privatization of what used to be government jobs, to contracted agencies that depress wages. And you're picking up the slack for them, and rightfully so.

And thank god for --

HECTOR FIGUEROA: I mean, in the case of CUNY, we raised wages so high that CUNY wants the work back.

SENATOR SAVINO: Right. 30 years ago, we would have been likely to work for the public library as a City employee.

So, you're now coming in and lifting workers up, and, again, rightfully so.

Because I think one of the things I've seen in the "Fight for 15" campaign, as well as the airport, the Port Authority -- the campaign against the Port Authority, is the workers usually carry signs that say, you know, "$15 an hour and a union."

Now, some people think that they don't have the right to join the union, which, in fact, they do. They're neither farm workers or domestic workers or independent contractors.

But, the impediments to unionization, or joining a union, are pretty difficult to overcome even in a state like New York.

So do you think part of this "Fight for 15" across the workforce should also involve a discussion about, whether it's card-check neutrality, something we talked about years ago, and nobody really hears about much -- hears that much anymore, or ways that we can make it easier for workers to band together for mutual aid and protection, so that they can negotiate at the bargaining table, lifting that ceiling that we talk about?

Do you think there are things we can do in this conversation that will address that as well?

HECTOR FIGUEROA: I think there's things in this conversation that should address that.

I believe that the passage of the minimum-wage law for $15 an hour statewide should not be held upon having that discussion.

But I -- certainly, I agree with you that it needs to be.

We need to look at our procurement practices, and our procurement practices, using the power of government, to really make sure that contractors of government services, or providers of services and goods to the government, are acting responsibility toward the workers.

Not only, you know, cases like wage theft and exploitation, but even respect for labor rights and respect for civil rights of the workers that they represent.

And a stronger government asking, that, to me, makes a lot of sense, and it makes sense to me, on both sides of the aisle.

It is not an issue, again, of left or right.

It is an issue of right or wrong, because government should be using its power to make sure that the private-sector determination of wages through collective bargaining, and the process of workers exercising their rights when they are respected, you know, is not going to be interfered by government to suppress it even more. Right?

Sometimes the practices of buying services are exactly doing that. They're undermining, you know, what in some sectors has been negotiated in the private sector.

So, yeah, it is something to look at.

I also believe that we should take a look at, you know, how companies, small businesses, are really participating, or not, on the millions, sometimes billions, of dollars that government makes available to them, is, in our experience, that goes beyond the scope of this hearing.

I'll be happy to talk to you about that.

That some small businesses are actually not getting the aid that you all legislate or the federal government.

SENATOR SAVINO: Really?

HECTOR FIGUEROA: And that corporations, said companies, said multiple ways of operating, that capture those dollars, capture those tax -- you know, subsidies and credits, and they are, ultimately, the one who benefit, and not the intended party.

I also think that, you know, our tax system, you know, should be looked into. You know, working people carry most of the burden. Many corporations pay very little.

But back to the question of collective bargaining, it will be an interesting discussion to have on how we can address workers that are excluded, like farm workers.

We are 100 percent in support of an issue that has come before this body and the Assembly and the governor in the past.

Sometimes they have succeeded, sometimes they haven't, to help farm workers.

Domestic-workers, (unintelligible),

advancement in their interests.

If you look also at those group of workers, taxi workers, and you increase protections for them, that also helps send the message, right, that workers' rights needs to be protected in the places where they are actually eligible for collective bargaining.

But I would say, that kind of more proactive government may appear as big government to, you know, folks who worry. And that's why government works, because you have ying-yang of government.

But it's not really about big government.

It's about making sure that there is a level playing field for everybody. And the government, instead of either being different, or making the level playing field harder for some, make sure that everybody plays by the rules.

SENATOR SAVINO: Thank you for that.

And because you've been involved in so many of these campaigns, and SEIU, particularly, has been a leader across the country, you guys have been involved in some of the successful campaigns for 15.

So some of the arguments against raising the wage to $15 an hour, or even raising it this quickly, or, you know, there's always the same thing, whether it's the fast-food industry or the retail economy, that it's going to contribute to tremendous job loss. It's going to affect the workers who can least afford to lose the job.

And, in other words, if I have to hire -- if I have to pay this much money, I'm going to want workers with more experience and more education. I'm not going to take a chance on that single mother or that, you know, at-risk youth.

But there's been evidence now in other cities.

So what's been the experience in places like Seattle or San Francisco where they've gone through this already?

Has the sky, literally, fallen --

HECTOR FIGUEROA: The sky has not, literally, fallen. You know, those cities have adjusted.

Now, E.J. talked about Seattle as an exceptional city in the country.

I actually don't think it's so exceptional.

You know, there are many neighborhoods in Seattle that are not the hipster neighborhoods. They're just regular neighborhoods in the suburbs and in downtown that have adjusted to this. Barber shops.

And, you know, it's not like businesses are closing down. We're still experiencing the increases, but, so far, there is no indication that it actually happened.

San Francisco, you know, also has a very high wage economy, has passed ordinances to pay wages. They haven't experienced that.

Chicago, they're in the path to 13. They're not experiencing that. They're experiencing many other kind of problems of a nature that (unintelligible), but that is not the result of raising, you know, in the past, to go to $13 an hour.

In L.A., time will tell, but I doubt very much if you're going see a hemorrhage of business.

Are there adjustments? Are there winners and losers? Yes, there are.

But there are winners and losers right now out of the inaction that we do.

You know, Jameel, I don't consider him a loser, but he struggles, because there is not a minimum that can help him and his co-workers. Right?

If we don't do anything of significantly raising wages, he'll be losing, but his loss is not countered because it's already taken as a given fact.

I mean, E.J. referred to the increase in cost in child care, which I think is, also, that we should look at that, and work on the social-service providers and non-profits, is very important to figure out how they fit in this equation.

But, we also are ignoring that raising the minimum wage will help many families being able to afford child care in the first place, who can no longer afford it because they earn too little.

So we have to look at kind of both sides.

And I think that, all too often, we like to keep everything constant in analysis and just look at the variable that we are advocating for.

To me, the best experience is one that really happens in the real world.

I don't -- I haven't seen a single reference toward, or discussion, with the family of AFL-CIO.

I leave this (unintelligible) for the policymakers that suggest that the sky is going to fall.

That there will be adjustments that need to be done? Sure.

And we're smart enough, and we have a

democratic system, that we will be able to respond to whatever changes might be necessary.

But not taking the risk, I think that is wrong. And I think the level of the problem that we face is unprecedented.

And, you know, sort of like piecemeal approaches to addressing income inequality no longer works.

If we only use piecemeal approaches, the gap, the need, will not be to raise the minimum wage to 15. It will become, then, 25, and then what we going to do? Raise it $10? Raise it 9?

You know, like, we are still within that, I would say, window of opportunity; that raising it to 15 will give us a platform to then consider future increases on whatever, you know, math we want to use to secure decent wages.

If we miss this window, the window is getting narrower and narrower and narrower, and it's going to become more of a social problem.

SENATOR SAVINO: Thank you.

HECTOR FIGUEROA: Thank you.

SENATOR MARTINS: Senator Perkins.

SENATOR PERKINS: Yeah, I just wanted to thank you, also.

I -- in listening to you, you talked about poetry. You talked about prose turning into poetry. You talked about mathematics.

And then, most importantly, you talked about the morality that had been brought to this conversation, by resurrecting the name of Dr. King.

So I want to thank you for that.

(Unintelligible).

HECTOR FIGUEROA: (Unintelligible).

SENATOR MARTINS: Hector, great to see you.

HECTOR FIGUEROA: Thank you so much.

SENATOR MARTINS: Thank you very much.

Jameel, thank you very much for being here with us.

JAMEEL MITCHAM (ph.): Thank you.

HECTOR FIGUEROA: And thank you for letting me just before lunch, because it helped us make our remarks sweet and short.

SENATOR MARTINS: Thank you.

Next we have Ken Pokalsky, who is the vice president of the Business Council of New York State.

Ken, good to see you.

KEN POKALSKY: Good morning -- or, good afternoon.

And I guess we can still say, Happy New Year.

SENATOR MARTINS: Yes.

KEN POKALSKY: I appreciate the opportunity to be here today.

I think I've interacted with you all before.

You know I enjoy a robust conversation, so I appreciate the opportunity.

The Business Council, I think you know, but I don't know if everyone in the room knows, we're a statewide 100-year-old employer association.

We represent about 2400 companies that employ about a million people in New York State.

About 80 percent of our membership are small-business employers of 100 or less, and quite a number of them are much smaller than 100.

And within our membership we have 60 local chambers of commerce located across the state whose membership is primarily small business.

This fall, as I do most years, I get out of Albany, I meet with our membership, including our chamber members.

Now, I have no illusion that I would win the applause test that Mr. Gresham suggested earlier today, but on Monday, as an example, I was in a room about this size, with about 150 chamber members, mostly small-business owners and some people who ran non-for-profit, and, frankly, this was the only issue they wanted to talk about.

We were there to give a forecast or preview of the 2016 legislative session.

This is the only thing they wanted to talk about.

And I'll tell you, they're quite nervous about the potential impact of a $15-an-hour minimum wage.

So, in response to the request to talk about the economic context and the economic impact, that's the perspective I want to share with you today.

Not to read my testimony, and I'll bounce around, I'll probably get lost once or twice, so bear with me; but, here goes.

As you've said, Governor's projection of the impact of $15 fully implemented is just under $16 billion a year.

So let me put that into perspective of our membership who has been advocating for more competitive, less-costly business climate in New York State.

We've done some useful things in the last several years.

Through restructuring of UI taxes, we've saved about $200 million in aggregate, statewide, in UI taxes' interest costs, in repaying a federal debt.

Caveat, we had to raise taxes by $3 billion, because that was our federal borrowing, but, it was cost savings of $200 million. That's great news.

In 2014, the Governor proposed, you adopted with broad bipartisan support, business corporate tax reform, bank-tax reform, that, once fully implemented in 2016, is a business-tax reduction of about $600 million a year.

Again, from our perspective, good news.

Real-property tax cap, the aggregate value, since its inception, to commercial, industrial, utility property-tax payers, in aggregate, add up all the years altogether, is probably about a billion dollars a year so far.

That's all the years added up together.

As we heard earlier this year, the Governor will be proposing about a $300-million-a-year additional small-business tax reduction as 2013/'14 -- or, 2017 executive budget.

These are all positive steps, in our view, in improving the state's business climate, but their aggregate value would be absolutely dwarfed,

dwarfed, by the impact of this proposed minimum-wage increase.

By the way, if it's -- it's being pegged at about $16 billion a year, the total property taxes paid in New York State in a given year by all commercial, industry, and utility property owners is about $15 billion.

So if you want to do an offset, you could repeal all property taxes.

The point is, you really can't do an offset. There's no feasible way -- no feasible way to do that.

The other thing our members like to remind people, remind policymakers in Albany, is that, you know, New York is an expensive place to do business.

And, by the way, New York is a leader in increasing its minimum wage.

At $9 an hour, we're exceeded only by 8 states.

There's two states right now at $10 an hour.

Some smaller states, Alaska and Vermont, at 9.75 and 9.60. Oregon's at 9.25. Connecticut, at 9.15.

We join a few other states at 9.

You know, we're 25 percent above the national level, so we are a leader among states.

And even with this recent activity, we've seen other states adopting higher minimum wage.

No state, that I'm aware of, is seriously considering going to $15 like we are here.

And questions were asked to the last witness about, what's happening at localities that are moving towards 15?

I didn't have my chart with me this morning, but most aren't -- most, particularly the West Coast cities who are adopting a step-up to $15, aren't anywhere close yet. They're closer to where we are now. They're in the $10 to $11 range.

And we're already seeing, it's too early to tell, it really is, but, we saw an immediate reduction in restaurant jobs in Seattle right after the first step increase there.

It's recovered a bit.

You're seeing some numbers coming out of Los Angeles County, which, for hospitality industry, I believe they went immediately to $15 an hour. And you're seeing a significant reduction in -- or, the start of reduction in hotel jobs in Los Angeles County.

So the lesson there from these other

jurisdictions is:

One, it's too soon to tell.

Two, they're not anywhere close to $15 yet, but some of the job numbers are certainly raising concerns.

Next point: Looking at the impact on an employer.

When we went to $9 an hour, effective just several days ago, compared to the federal minimum wage, when you count direct cost of wages, things that will go up automatically -- federal withholdings, worker's compensation costs, which are pegged to wages -- that's just about $4,000 per year per FTE for the employer, compared to 7.25.

When we go to 9 -- if we were to go from $9 an hour to $15 an hour, that's an additional $13,400 and change, per job, per year.

$13,400, going to 15; compared to the federal minimum wage, and some of our members do compete with the national -- with national businesses, that's a $17,300 difference, per job, per year.

These are real numbers.

We find it hard to take seriously an argument that the typical employer can absorb wage increases -- and for many employers, wages are their largest cost of doing business -- without any significant adverse impact.

And it's true, that when we did the minimum-wage bill in 2013, relatively few New Yorkers were making the minimum wage at $7.25.

Federal data for that year showed about 200,000 people out of the workforce of a little over 7 million were making $7.25.

People weren't making -- weren't at the minimum wage.

As you go higher, and as E.J. McMahon presented his data earlier, in labor markets, particularly in labor markets in Upstate New York, where the median wage today isn't much over 15, and in some places it's not over 15, as you approach that, a $15 minimum wage is impacting far more positions, far more employers, and far more jobs.

As a matter of fact, some data we looked at, out of 785 occupational categories tracked by the Federal Bureau of Labor Statistics, over 150 of them had median wages under $15 an hour.

And I think people expect that to affect sectors like retail, food service, health and social service.

It's also directly impacting a diverse range of occupations, everything from pharmacy aides, to electronic equipment assemblers, industrial truck and tractor operators, and others.

Point being, $15 minimum wage has an enormous impact in New York State labor markets, particularly in Upstate New York, and will affect many, many sectors that you're probably not thinking when you talk about increases in the minimum wage.

Now, people have talked about, you know, what the minimum wage would be if it kept up with inflation, and any number of ways to look at it.

We've looked at it as well.

New York State adopted its first numeric minimum wage of $1 an hour in 1960. Adjusted for inflation today, that's well under -- it's well under $9 an hour. It's way under. It's about half of $15 an hour.

But to me that's not the most important comparison to make.

I think what you really need to look at is what wages are in the regions of New York State.

Median wages in New York City are far higher than most parts of Upstate New York. The median wages in the labor markets differ dramatically.

And the thought that a $15-an-hour minimum wage, even if it was delayed by a couple of years, would have no adverse impact on upstate jobs, we think, is missing the point.

The last point I'm going to make is that, you know, we represent for-profit business.

We also have within our membership, and in through our chamber network, a lot of not-for-profits, social-service entities, and employers who work for those, people -- employers who work with those social-service agencies to place -- to do workforce development to place at-risk youth in their first jobs.

And we're hearing a significant concern there, that those efforts will have a double-negative effect here.

First, the social-service agencies themselves will see a significant cost in doing business.

And, second, the types of jobs that they're trying to place at-risk youth into will be difficult to find if the wage mandate goes from $9 an hour to $15 an hour in a relatively short period of time.

Now, the Business Council is a member of an organization we've called "Minimum Wage Reality Check." That's a coalition of us and about 30 other chambers, business trade associations, agricultural organizations, and others, who have come together to make sure that the administration, the Legislature, and the general public hears the economic context and the economic concerns that employers have about proposals to increase the minimum wage, whether it's to $15 an hour, or something different.

We do think that all of the above -- the executive, the Legislature, and the general public -- need to know, and I think they will respond to, the types of concerns that we're raising.

This will -- we do think this will have an adverse effect, and have a particularly adverse effect in labor markets where median wages are not high, and communities, frankly, are still struggling to recover jobs lost in the 2008 recession.

So, again, I appreciate the opportunity to provide testimony today.

I welcome any questions or comments you have.

SENATOR MARTINS: Thank you.

Thank you very much.

What's the minimum wage in California?

KEN POKALSKY: I believe the statewide minimum wage is $10 an hour today.

SENATOR MARTINS: And in Texas? Do you know?

KEN POKALSKY: I believe Texas tracks the federal minimum wage.

SENATOR MARTINS: 7.25?

KEN POKALSKY: I believe so.

About 22 --

SENATOR MARTINS: I'm just -- you know --

KEN POKALSKY: About 22 states do not have a state minimum wage, so they're subject to federal, 7.25.

SENATOR MARTINS: -- as we consider this issue, and I appreciate the differences and the different perspectives, and, for me, it's a question of jobs, and how do we keep the jobs we have? how do we encourage people to invest in this state and bring jobs with them?

And are we saying that if there's a $10 job out there, working in a manufacturing job that's being provided in Massachusetts or New Jersey or Pennsylvania, that we don't want those jobs here in New York?

I mean, is that what a public policy like this says, that those jobs aren't good enough for us so we don't want New Yorkers doing those jobs, or -- so that they should take those jobs to other states and provide those jobs and opportunities elsewhere?

Because there's a consequence, because we're not in this alone. This is not just us.

We have other states around us. And many of our -- many of those jobs and manufacturers and businesses that we try to attract to our state will simply go elsewhere.

Have you calculated the effect of that on a significant minimum-wage increase on that?

KEN POKALSKY: Well, we know this, that -- because I just ran these numbers yesterday -- since 1990 -- and we know that manufacturing in the U.S. isn't what it used to be.

Since 1990, the U.S. has lost, roughly, 30 percent of its manufacturing employment.

Over that period of time, New York State has lost about 54 percent of its manufacturing employment; half a million manufacturing jobs we don't have today that we had in 1990.

New York City, by the way, has lost 71 percent. New York City has lost its manufacturing base.

The median wage in production work in manufacturing, statewide, right now is about $17 an hour.

These are the jobs, quite frankly, the

advocates are begging for, above $15 an hour.

These are the jobs, the entry. These are not engineering positions. These are production -- floor-production jobs, median about $16 an hour, $17 an hour.

Our concern, over time, New York State has become a high cost-of-doing-business state.

Until the natural gas boom dramatically changed the energy markets in New York, we were, historically, the most expensive place for electric power.

Manufacturing is power-intensive.

We remain, or we become again, one of the highest worker's comp-cost states in the nation.

We are, for manufacturing, the highest-cost real-property tax.

We have a lot of headwinds to our manufacturing base.

And that's -- those are the reasons, cumulatively, why we've been losing manufacturing jobs at almost double the national rate for two generations.

I think the better, more sustainable approach to addressing the need for quality jobs, is to make sure we are attractive to retaining and creating quality jobs; not taking jobs that are inherent in low-margin industries, and mandate that the wages go up to a point where we don't think they're going to be sustainable.

SENATOR MARTINS: You know, one of the issues that's come up as we've held hearings on increasing minimum -- excuse me, on workforce development and training, is that, you know, there are areas of the state where there are mid-skill-level jobs available, but simply not the skills able to provide them.

You know, how do we factor in other aspects, you know, for offsetting increased wages with increased training opportunities, to allow those opportunities?

Is that something that you've had an opportunity to look at?

KEN POKALSKY: Sure.

And, you know, we're working on a manufacturing-specific legislative agenda that we're going to be announcing in a couple of weeks.

Once of the things we hear all the time is, how do you make the connection between people looking to get these jobs and make sure they have the skills needed?

We have a couple relatively small state programs that provide funding for incumbent worker -- either incumbent-worker training to upgrade their skills, or to tailor job training to meet the specific needs of an employer.

These -- in a state budget of $140 billion, give or take, these are, you know, single-digit million-dollar-a-year programs.

We think there are -- we're going to highlight some of the specific programs where we think some additional funding is going to help create pathways for people who need to upgrade skills, to take jobs that are naturally, you know, higher paying than you might find in the retail or food-service industry.

SENATOR MARTINS: You know, as I -- we discuss numbers, lots of numbers, and we throw numbers around, and percentages, and median wages, and we talk about, you know, job losses in the hundreds of thousands.

Again, when I sit down with my business community, with my chambers of commerce, with my small businesses, even as I walk around my own community and, you know, partake in, whatever, wherever I happen to be going, there's a real concern out there among small businesses that there could be devastating consequences.

I'm sure that they have reached out to you, and that you've heard from your own constituents.

What are they telling you?

KEN POKALSKY: I'll give you some examples.

When I was in Central New York, Monday, talked to a person who's got her business plan written. She's doing sort of a high school tutorial business. And she had $15 -- she's paying her retained educators $15 an hour in her business plan.

She said, "With support-staff costs approaching $15 an hour, I'm not going to open the business."

That's just one example.

What we hear -- and we hear concerns like that from businesses, large and small.

We know, if you go to restaurants and retail stores, you're seeing automation at the front end.

That's a -- probably, regardless of what the minimum wage is, that's something you're going to see.

You're seeing businesses looking at ways to mitigate labor costs.

You're looking at businesses -- we're meeting with someone tomorrow, who, just with the fast-food minimum wage coming into effect, they're asking us what advice we have for dealing with wage differentials between what their current labor rates are and what they're going to be competing with in other sectors.

So it comes in all shapes and forms, but, generally speaking, for people who are directly affected by it and will be indirectly affected by it, it's just a concern.

They say, Well, you know, we'll -- many of them will figure out a way to survive. It will be in -- you know, with different -- they may, their business plans will change, their employment numbers may change, the hours available may change, prices will change.

But there's almost a universal concern.

SENATOR MARTINS: You know, the Governor has suggested that there will be tax breaks for businesses to offset a minimum-wage increase.

And, you know, I agree, anybody who takes a moment to actually analyze that out, just understands that that's not possible to absorb that 15, nearly 16 billion dollars.

We just don't have the ability in the state budget to absorb that.

Increased wages are a cash-flow issue. You pay wages every week, or every two weeks.

Tax breaks are something you take at the end of the year, if, in fact, you have net profits to take a break against.

What would you suggest would be factors that we could consider that would offset any minimum-wage increase, and whether it's to -- you know, to whatever number?

How should we be approaching, if, in fact, there is going to be a minimum-wage increase, considering offsetting the impacts to small businesses in a meaningful way?

KEN POKALSKY: Well, we think there's things the State should do, regardless of what you do with the minimum wage, that would make New York State a little bit more easier place to do business.

We need to rein back in the cost of worker's comp, and you do that in ways to making the process work better.

We adopted, for example, durational caps on permanent partial-disability benefits.

But, what was supposed to be a 10-year cap on benefits, as a practical matter, is like a 16-year cap because the process doesn't move you to classification.

That would be a significant cost-savings in worker's compensation.

You mentioned paying weekly or biweekly.

We're one of the few states, perhaps the only state, that still has a weekly-pay mandate.

It doesn't affect a lot of employers or a lot employees, quite frankly. But for employers who are affected by it, it's one -- another sort of odd-ball thing you have to pay money in for New York State. If you're in a national payroll system, you're cutting, you know, weekly checks for a small portion.

When we restructured the UI tax rates in 2013 to generate some short-term revenue increases necessary to repay the federal government, we lopped offed the tax rates that reflected the good performance of employers that don't do a lot of layoffs.

That was a significant increase in cost to those very employers that we should want to have in New York State.

We can put those back in the tax table. They only become in effect when the UI fund is solvent enough.

We can do the small-business tax cut that the Governor's proposed. We would tweak it a little bit, but we think it's a great start.

There's any number of things like that.

There is over a billion dollars a year, most -- if you look at your energy rates, 20 to 25 percent of what you pay is paying agency-imposed assessments on energy, supposedly, to support various green energy or efficiency, or whatnot.

But it's 20 percent of every utility you pay.

Let's look at whether that money is being spent wisely, and whether we should be imposing those types of additional costs on energy-intensive businesses.

So there's any number of things we can do.

Regardless of what you do with the minimum wage, we think these other things should be -- you know, be under consideration by the Legislature.

SENATOR MARTINS: But especially if we're discussing a minimum wage?

KEN POKALSKY: Sure.

Senator Savino.

SENATOR SAVINO: Thank you, Senator Martins.

Thank you, Ken, for your testimony.

I'm not surprised that the Business Council is opposed to raising minimum wage, and I'm not surprised employers don't want to pay higher costs.

Nobody wants to pay higher anything.

You know, if we propose raising income taxes, nobody wants to pay it.

Nobody ever wants to pay more.

But the reality is, employers in this state are facing this issue, or other issues, that are going to require them to pay out more to compensate workers.

One of the things I'm curious about, though, is, if you're a business in New York State, how do you determine what the rate of compensation should be?

How does someone go about deciding what you should pay an employee?

KEN POKALSKY: There's really two factors, two major factors.

It is: What is the current labor market?

And it is: What's your ability to pay?

SENATOR SAVINO: Okay. So, bearing those two points, the current labor market, and, of course, it's like others who are similarly situated right, one of the other factors that I think many of you have to take into consideration if you want to be good employers: How do you recruit and retain employees to continue working for you if there are other places they could work?

Oftentimes, it's your benefit packages.

What I don't hear coming from employers is, that one of the things that's led to wage depression, or compression, in many of these lower-wage jobs, is if you want to provide any level of benefits for your employees, those costs have gone up, and the Affordable Care Act hasn't actually reduced them that much yet.

Do you think there should be a discussion about the cost of health care in this state, to provide private health insurance as a package for employees?

KEN POKALSKY: I think we've been having a conversation on the cost of health care in New York State.

SENATOR SAVINO: Not loudly.

KEN POKALSKY: Oh I, guess I would disagree.

I mean, I'm not a health-care guy.

We would love to come down and talk with you.

We've been talking about it for 20 years.

And, setting aside the effect of ACA,

New York State, you know, a 20-year-plus track record of making health care, particularly employer-provided health care, extraordinarily expensive.

So, if you -- if we can reengage on that, we would love to.

SENATOR SAVINO: Well, I think that's --

KEN POKALSKY: And in addition to the direct cost through coverage mandates, I think our -- I think combined HCRA taxes are something in the neighborhood of $5 billion a year, maybe a little bit more than that.

SENATOR SAVINO: But it's fair to say that those costs are having an effect on the ability to raise compensation for employees.

KEN POKALSKY: And I think it's going to vary dramatically, based on the nature of your business and the nature of your profit margins.

Some will be -- some can absorb those costs far better than others.

SENATOR SAVINO: Okay.

And there's just one other point I want to make, because I know that, you know, during the course of this debate there's going to be a lot of, you know, statistics thrown around by everybody.

Those who are in favor of it are going to say, we raised wages in Seattle and not a single person lost their job.

And there will be those who will say, again, the sky will fall.

You made a reference to the number of manufacturing jobs that we've lost in the state since 1990; and particularly in New York City since the early '90s.

But you can't look at it purely through the lens of wages.

You have to -- you cannot deny that the effect, particularly in New York City -- and I know, Senator Perkins, he represents part of the city that's more affected than others, I think -- there are -- there was the effect of the gentrification of communities that used to be manufacturing neighborhoods.

You cannot look at the garment industry and not see the effect of gentrification, and housing having been built in those neighborhoods, pushing the garment industry out of the west side of Manhattan.

The meat-packing district also. The last meat packer has packed his knives and left, you know, the west side of Manhattan.

And it had nothing to do with the cost of wages, and it had everything to do with the cost of real estate, and the value to -- you know, of our affordable-housing developers and our luxury and market-rate developments.

So that -- making those communities far more popular for residential, and the rezoning, and the gentrification, has really affected our manufacturing industry, especially in the city of New York.

Wages was a smaller part of it than anything else.

KEN POKALSKY: Absolutely. And you can check the tape, when I was talking about that, I didn't raise wages as a factor.

SENATOR SAVINO: Yeah, but you alluded to it.

KEN POKALSKY: I didn't.

What I said was, these are the types of jobs that we're talking about here. We want good-paying jobs.

One of the -- and we did a study, it's a little out-of-date, but, from 2010 to 20 -- I'm sorry, from 2000 to 2010, virtually, all job growth in New York State were in sectors that paid below-average wages.

Financial service, professional services, construction and manufacturing, generally, high-paying wages, job loss in every sector.

That's not true in the U.S. It's not true among states we compete with.

My point was, let's look at why New York State is not generating good-paying jobs, rather than saying, take the jobs and industries that -- whose profit margins don't really allow for higher wages and just mandate their wages go up, thinking that's a sustainable economic-development plan.

That was my point when I was talking about the loss of manufacturing jobs.

There's no doubt New York State adopted policies: energy, worker's comp, and property taxes, certainly.

I think, in New York City, by far, the biggest effect is the -- I think someone -- is the cost of land, cost of rent, was the major death knell for manufacturing there.

But all these other -- these other factors, which driven by New York State policy, is one of the reasons why New York State has lost manufacturing jobs at double the national average.

We should look at those too.

SENATOR SAVINO: We should.

KEN POKALSKY: Because those are the jobs we want.

SENATOR SAVINO: And we should also be looking at federal policies that have incentivized the transfer of manufacturing jobs to, it's not even third-world countries anymore. I'm not even sure what to categorize them as.

SENATOR MARTINS: Outside here.

SENATOR PERKINS: Outsourcing.

SENATOR MARTINS: Not here.

SENATOR SAVINO: Yeah, right.

So, thank you, Ken.

KEN POKALSKY: My pleasure.

SENATOR MARTINS: Senator Perkins.

SENATOR PERKINS: So I'm -- $15 an hour, that's not a lot of money, is it?

KEN POKALSKY: To some it is, obviously.

Obviously, it is to some.

SENATOR PERKINS: To some it's just a little -- it's, at best, a wage, you know, at least an opportunity to make a living. Right.

KEN POKALSKY: Absolutely.

SENATOR PERKINS: So -- now it's kind of hard. That's about $600 a, what, a week? a month? 40-hour week?

KEN POKALSKY: 40 hours a week, 52 weeks a year, it's $30,000.

SENATOR PERKINS: That's -- that's kind of -- that's not much, is it?

So what do we do? How do we fix that?

KEN POKALSKY: Well, I think you're -- I think there's a false choice being presented here.

What I've heard is, for example, fast-food wages are going up, so people in other low -- the only alternative for workers in other low-wage industries is to move from one low-wage industry to another.

I think that's got to be the false choice.

It can't be the plan for New York State's, you know, economic future, that we merely artificially increase the cost of businesses whose margins don't support.

They're not going to be $60,000-a-year jobs, ever.

I think we need to look at, what is preventing individuals from moving from entry-level jobs to better jobs?

Is it, one, the lack of jobs?

The lack of accessibility, things, like, lack of affordable child care, et cetera?

I get it.

An immediate fix would be, mandate these jobs to pay more.

I don't think that's a long-term fix, because you're not -- you got to take it in the overall context.

The other thing I'll mention --

SENATOR PERKINS: Well, isn't --

KEN POKALSKY: And the other I'll mention, though, and E.J. McMahon's conversation talked about, the EITC.

We generally agree. We think it's a very effective tool. It's a very efficient tool, by definition.

It only benefits low-income households, unlike the minimum wage.

We, the Business Council, my organization, support it. It was a strong supporter of the initial New York State component to the federal EITC.

We haven't taken a position lately; it's not been on the table.

But we agree there are other things to be done that support working families, particularly low-income families whose wage -- total wages may be affected by many factors.

You could raise the minimum wage, the hourly wage, to $30 an hour. And if there's not hours to be had or positions to be had, it's not going to produce the total family income growth that you're looking for.

SENATOR PERKINS: So if it was $15, what would the business community need to make that happen?

KEN POKALSKY: Some will be able to absorb it, and some won't.

SENATOR PERKINS: And those that won't -- those that won't, what would they need?

KEN POKALSKY: Nothing that you can provide.

I think that's my answer.

SENATOR PERKINS: You're absolutely right about that.

KEN POKALSKY: Yeah, but that's my point, that --

SENATOR PERKINS: But my point is that, I'm just -- if -- $15 an hour is not a lot of money, is it?

KEN POKALSKY: If I'm a -- here's the point, though:

If I'm a small business, if my costs go up, I've got, really, a couple choices.

I can reduce my expenses.

I can increase my prices.

I can reduce my own personal profits.

I can invest less in my business.

I don't know what other choices you have.

So, I don't -- you can -- if you can influence one of those four factors, that's --

SENATOR PERKINS: Which one would you prefer us that we influence?

KEN POKALSKY: The one I've talked about -- the one that I've --

SENATOR PERKINS: Not the wage, though.

KEN POKALSKY: -- as a practical matter, the only one that the Legislature can affect are the state-imposed costs of doing business.

SENATOR PERKINS: All right. Help us understand where those costs might be that we could affect, other than the wage?

KEN POKALSKY: Well, I've already covered a couple.

You look at what drives real-property taxes.

You can look at what drives worker's compensation costs.

You can look at what drives energy costs. For commercial customers in New York State, still among the highest in the nation.

You can go down the line.

How do we structure UI tax tables?

SENATOR PERKINS: So give us a proposal.

KEN POKALSKY: What's that?

SENATOR PERKINS: Get us a proposal so it's affordable.

KEN POKALSKY: I'll give you a proposal.

I'll give you a proposal to make New York State more economically competitive.

SENATOR PERKINS: Does -- is that going include $15 an hour, or a living wage?

KEN POKALSKY: If I could -- I could save $15 billion a year. You can repeal property taxes for business.

As a practical matter, no, I can't give you a dollar-for-dollar offset. But I can certainly give you what I think are very practical and doable costs-of-doing-business reductions that I would encourage you to consider.

SENATOR PERKINS: All right.

Let's see it.

KEN POKALSKY: Okay.

SENATOR MARTINS: I appreciate that.

You know, I had a group that prepared a report on this issue, and they said that, you know, they're not against a minimum-wage increase, as long as the State was willing to give a dollar-for-dollar credit to the employer for the increase in minimum wage above its current wage.

And, so, it's fair enough to say that we don't have $15.6 billion to give that kind of credit to employers out there.

And to the extent that you have any programs that are available, or that you want to advance, that we can consider, I'm sure Senator Perkins and I would be happy to review it.

Thank you.

KEN POKALSKY: I look forward to it.

Thank you.

SENATOR MARTINS: We are going go out of order for a moment or two, and call Mike Durant, from the New York State -- excuse me, the National Federation of Independent Businesses. He's the state director.

Michael, how are you?

Happy New Year.

MICHAEL DURANT: Happy New Year.

Senator Martins and Senator Perkins, how are you?

I'm going to do my best, I'm not going to do verbatim. I think that probably some of the questions you asked Mr. Pokalsky and some others, you might have similar for me.

I think that what I want to do is, you're right, this issue brings about an awful lot of emotion; emotion from the advocates for increasing the minimum wage.

I think, unfortunately, the rhetoric has been amped up to the point where, even on Monday, the Governor pointed fingers at business, and business is starting to feel resentful in a state that has been described as being somewhat antibusiness and has earned its antibusiness reputation.

So what I want to do is, do my job, which is be less of a lobbyist and more of an advocate for whom I represent, which is 11,000 small and independent businesses across the state of New York:

Mom-and pop businesses.

Businesses, the typical NFIB member businesses that have five to seven employees, nets anywhere between four hundred and six hundred fifty thousand dollars a year.

So this is where you get your car washed, your pizza on a Friday night, this is where you get your oil changed.

Small independent retail, this is what drives the state's economy.

The question was asked earlier about, how many small businesses are in the state of New York?

That depends on what you define as "small business."

And doing a quick search at the Small-Business Association, federal entity, says there's 2 million.

And I believe the Governor on Monday used -- or, on Tuesday, when he was nice to business, used that, that there are 2 million small businesses in New York that employ 99 percent of New Yorkers.

But this is -- or, 99 percent of the private-sector businesses in New York are small businesses.

1 in 5 New Yorker's is employed in a business that has 20 or few employees.

So to think that arbitrarily mandating an increase in wages is going to have little to no effect on jobs and on business is short-sighted when looking at this issue.

So we have spent time talking to our members and getting their stories.

It's hard not to be passionate when you represent small business, because these folks invested what they had, they're pursuing their own piece of the American dream, they're taking a risk.

They're doing their best to own and operate a business in New York and take care of the employees that they can afford, because without their employees they don't have a business.

Individuals like Joel, who owns a small lumber mill in Castle Creek, which is a community outside of Binghamton, it's a fourth-generation business, it's been operating since 1926, has just a handful of employees.

When you factor the competitive nature of their business, the commodity that they sell, the product, the lower costs of doing business, generally, across the border in Pennsylvania, running their numbers, their business would survive two years, at best, and would probably be closed as this was phased in by the time it hit $12 an hour.

They wouldn't be able to afford the employees they have. The business owners themselves wouldn't be making a profit. The business would close.

We have Stephanie who owns an antique retail store in White Hall, not far from here today. She operates her business on an already fine profit margin. She competes with big-box stores, she competes with bigger -- with chain stores.

She specifically referenced, in talking to me, that she is not, in fact, a small business. She is a mom-and-pop business.

And that is a badge which many of our members wear with enormous amount of pride.

If the minimum wage ultimately reached $15 an hour, she's going to be forced to cut her part-time employees just to keep the business open.

Without the part-time employees, she won't be able to grow her business, she won't be able to expand, she won't be able to hire more people, she won't be able to provide anymore additional benefits or compensation for her employees.

And that's a difficult decision that she doesn't want to face, but that, again, is a story that's typical for the folks that I represent, and small business, generally.

You have Byron who owns an independent market in Schuylerville, which in order to compete with larger stores, operates on a significantly fine margin.

He e-mailed me and described that it's not just this issue, as, Senator Perkins, you're alluding. It's rising costs in worker's comp. It's rising costs in health care.

This minimum-wage increase, as phased in, eventually will tip them over the side of the cliff because the costs are not reduced anywhere else.

I have stories like this all over the place.

I even have more in my testimony.

But I think that you're seeing the theme that I'm trying to present.

And this is regional.

I have a manufacturer, in my testimony, from Freeport. I have a small cottage resort; so, a tourist-business owner, in Chautauqua County.

These -- this is what's going to happen.

See, as we point fingers at McDonald's, and as we do these things, the people, inevitably, that are going to be impacted by this are the people that I represent: the independent business.

Those are the ones in the middle.

Those are the ones that don't receive the significant state subsidies in investment.

They do not receive positive -- substantial positive tax reform like we've seen in other aspects of our economy.

And when we put in place public policy, minimum wage, paid leaves, probably going to be something we talk about, when you start adding these things up, the small-business owners are the ones that get squeezed in the middle.

So the problem with Albany, and the problem with public policy, generally -- not the two of you -- is that business gets, too often, painted with a broad brush --

I said not the two of you.

[Laughter.]

MICHAEL DURANT: -- it's that business gets painted with a broad brush.

There's a fiscal and economic reality that's very different between big business and Wall Street and Main Street.

And I think when we examine this issue, and, frankly, when we examine public-policy issues, moving forward, we need to be mindful of that.

The State Farm Bureau has done a tremendous analysis of this proposal, and has concluded that our family farms are looking at $500 million in additional labor costs alone.

When you hear argument that this won't increase costs, or, that this $5.7 billion is automatically going to be a stimulus package, and folks are going to take this money and they're going to spend, well, you have to question the purchasing power.

Costs will go up.

Family milk will go up. Produce will go up.

How much is affordable for New Yorkers?

How much is affordable for folks to buy milk, to buy produce?

When you talk about the non-profit community, which has been brought up today, they're concerned, does the State have the fiscal resources to reimburse if New York moves up towards $15?

School districts have estimated the average cost for this is approximately $283,000 per school.

Municipalities, even those that have arbitrarily increased their minimum wages, acknowledge there's a cost associated with it.

There is, in fact, a taxpayer impact.

This is why we're part of the coalition that was mentioned before, the Minimum Wage Reality

Check, is to ask not only rhetorical questions, but show that there are emotional stories on the other side.

So about -- maybe to preemptively answer some questions that the two of you may have -- phasing in this increase is going to have a predictable result.

Every business that I represent is going to have a drop-dead date when escalating labor costs, absent significant and probably fiscally unfeasible measures on the opposite side, is going to push them over.

It doesn't matter how long you phase it in.

If you're a small business in Upstate New York with a finite consumer-market base, and labor costs are increasing, and we already have high worker's comp, health care, energy, et cetera, costs, even increasing those, you're not -- we're losing population every year in Upstate New York. You're not going to gain more consumers.

Plus, the competitive nature of the economy, with who these businesses are competing with, phasing it in isn't really going to have an impact.

The tax cut: We've been outspoken this week about this, the idea that you can pair a minimum wage with the tax cut.

You have to be realistic for a second.

Outside of the pure numbers, tax cuts are not specific -- not necessarily permanent. They're always subject to repeal.

I don't think any entity has ever rolled back a minimum-wage increase, or a current level of minimum wage, because the economy went into a negative -- severe negative direction.

That's just first.

Second, as both Ken Pokalsky and E.J. McMahon have talked about, labor costs, you're talking about business gross expenses.

Tax cuts, you're talking about on operating margins.

So we don't think this is an equitable trade.

Lastly, with this:

I understand that this issue is complicated from both a political and a public-policy perspective.

Nobody wants to see folks not being able to provide what's necessary for them and their family.

But I do think, in the larger context, we do have a skills gap that's growing in the state.

We have plenty of small businesses that cannot hire and find the qualified workers that they need.

We need to invest more in workforce development.

We need to examine and be mindful, public policy-wise, the differences between big business and small business, and what small business needs.

We don't want to see, you know, and we are already seeing, iPads and kiosks.

Those are jobs, at one point, that have been there.

So what I'm going to say is:

Our position is going to be "no."

Our position is a rigid "no."

Our position is a "no," paired with a tax cut.

Our position is "no," regardless of how long it's phased.

In our position will be "no" if you put a training wage in place.

Small businesses in this state are struggling.

I'm going to be "no" for our members.

I'm going to be "no" for the members that I represented, the ones that have stacks of phone-call messages, transcripts, e-mails, et cetera, on my desk.

I just think you need to be mindful of the small business, and what it means for New York, what it means in your specific district, and what it means for our economic present and future.

SENATOR MARTINS: Michael, thanks very much for the testimony.

I will tell you that, in this discussion we have to be fair. And being fair means looking at all sides.

And I appreciate your testimony, and bringing that other side here, because, you know, $15 is a lot of money, it is, in certain parts of this state.

And, you know, when I talk to my small businesses in my communities, they tell me the $15 is a lot of money.

Now, will it impact me personally? No.

No.

The business that I have, we pay our employees significantly more than that because it's a whole different model.

But, I know the impact that it's going to have on small businesses.

So we have to be fair across the board, and we can't assume.

So, I appreciate that.

I appreciate it, because we have to consider all sides here, and not just one to the exclusion of the other.

And I know Senator Perkins has a question.

SENATOR PERKINS: So, Mr. Chair, I -- you don't mean to say that $15 an hour is a lot of money for a working person? Do you?

SENATOR MARTINS: Senator Perkins, I --

SENATOR PERKINS: I'm just asking, in the abstract.

SENATOR MARTINS: Senator Perkins --

SENATOR PERKINS: I don't want to necessarily put it in the context of --

SENATOR MARTINS: -- you asked me a question.

SENATOR PERKINS: -- because I want to --

SENATOR MARTINS: But you asked me a question. I want to answer it.

SENATOR PERKINS: -- because I want you -- I want to put it in the -- you know, I let you go on and on when you're making your representations, so I try to be brief.

SENATOR MARTINS: I'm answering the question. You're asking me.

SENATOR PERKINS: But I'm just saying, I don't want to put it in the context of his needs.

I'm saying, but for a working person, do you think $15 is luxury living?

Do you think that's a working person's -- forget the other possible constraints.

Just $15 an hour, should a person -- is that a lot of money for a working person?

SENATOR MARTINS: Are you done?

SENATOR PERKINS: Sure.

SENATOR MARTINS: I just don't want to interrupt you again, Bill.

Listen --

SENATOR PERKINS: I'm sorry.

SENATOR MARTINS: No, no, it's fine.

Listen, $15 is not, is absolutely not, a lot of money, in my mind, for a working person.

SENATOR PERKINS: Okay. Thank you.

SENATOR MARTINS: Absolutely, positively, not.

But --

SENATOR PERKINS: Okay. But --

SENATOR MARTINS: But -- no, no, and now I'm going to finish my answer, and we're not going to have this debate between ourselves, because we're here to listen to witnesses. And you and I can have this discussion afterwards.

SENATOR PERKINS: No, but I meant to ask him --

SENATOR MARTINS: Let me finish, Bill --

SENATOR PERKINS: -- I meant to ask him as well, because I just want to be clear --

SENATOR MARTINS: -- let me finish and I'll be clear.

SENATOR PERKINS: But you editorialized also, when you --

SENATOR MARTINS: No, no, no. Bill, you're going to let me finish issue.

I said "absolutely not."

But I know, I absolutely know, that when I first started working, I made less than $15 an hour. I started at minimum wage. And I then, and -- I know countless people who did as well.

So let's not --

SENATOR PERKINS: Is it minimum wage that's set now?

SENATOR MARTINS: No, but it certainly was minimum wage, whatever it was at the time, Bill.

So let's --

SENATOR PERKINS: We just now raised it.

SENATOR MARTINS: -- but let's not have that discussion at this point.

We know that entry-level jobs are entry-level jobs.

We know that we want to train and we need to train people in order to be able to do better, higher educated, higher-skilled jobs.

And we're not, as a state, providing them with those opportunities.

Those are the challenges that we have.

We're going to work together, you and I, we are, in making sure that this happens.

But it's not just about a $15 minimum wage. It's got to be a much broader discussion than what we're having in this exchange righted now.

So, Michael, I apologize for the dialogue here, but, I have no further questions, unless the Senator has any questions for you.

SENATOR PERKINS: Thank you.

MICHAEL DURANT: We're all good?

SENATOR PERKINS: We're all good.

SENATOR MARTINS: Thank you.

MICHAEL DURANT: Enjoy the rest of the afternoon.

SENATOR MARTINS: You as well.

SENATOR MARTINS: Dr. Barrington.

Dr. Barrington is the executive director for the Institute for Compensation Studies at the ILR School at Cornell University.

It's good to see you again.

DR. LINDA BARRINGTON: Good to see you.

And I will not be insulted if any of you stand up and stretch a minute, because I know we've all been here for a while.

SENATOR MARTINS: We've been stretching all day.

DR. LINDA BARRINGTON: And, if it's okay with you, I know that time is passing, so, rather than going through my prepared comments, which you have, I just wanted to make a quick half dozen points of things that I thought either were not brought up or not sufficiently addressed. Or, would you rather me go through the comments?

Okay. I'll do that, and then I'll answer questions.

SENATOR MARTINS: Dr. Barrington, however would you like to proceed.

Thank you.

DR. LINDA BARRINGTON: Okay. So I guess the first thing that would I like to highlight is that, just reinforce what we do all know, which is, this is absolutely historic in scope, in terms of the size of the increase we're talking about.

The point that's not been made, that I think is really important in the context of the economic evidence that people have been talking about, this study or that study, and where economists are at, and so I am an economist by training, so I will speak for my class: I think the reason that you see so many economists not coming out in favor of 15 is the same reason that they're also not coming out opposed to it.

There's just a lot of -- people are more agnostic because we don't have the research.

So we really are pioneering into unchartered territory, and that's not to necessarily say for or against.

It's to say, we need to be -- think very carefully about how we do study the impacts, and how we plan for that, so that when we need to do, or if we need to do, course corrections as we go into this uncharted territory, we're doing it in an evidenced-based way.

Because, if and when and how the $15 minimum wage goes forward in New York, we have an opportunity not just to be a leader on that, but to be a leader on evidenced-based policymaking.

And so as we look at the municipalities that have been trying to study this, L.A. built a study into theirs, you know, a lot of the cities have, but those are city studies.

And so we really don't have a study on a statewide basis that looks at something of this magnitude.

A couple other points.

I would also be cautious on interpreting any international comparisons on this level and where it fits in the world, because there's just such a long list of other things that make labor markets not comparable, in terms of the labor market regulations, universal health care, differences in taxes.

So I think it's more relevant to think about where we sit vis-a-vis other states than where we sit internationally if we go to a $15 minimum wage.

One thing economists agree on is that we rarely agree on anything.

The one exception to that I would say, is the earned income tax credit.

You have heard this brought up over and over, and I -- you know, it is just the thing that you really get almost unanimous agreement, that this is the most effective, most efficient antipoverty program there is.

And to hear the business community support for this as well, in terms of how it targets who you want to target in a way that business doesn't have to share in that administrative burden as well, is something that we just -- you know, we really need to fold into this conversation, not just in terms of whether there's threshold adjustments that need to be made, but, are there bigger -- is there a bigger opportunity here to really use that program to target the antipoverty objectives we may have while we deal with whatever objectives the $15 minimum wage is bringing us.

Another comment from the sort of business-operations' perspective is the importance of predictability.

So, thinking about the indexing question as part of this conversation, and trying to get better response from the business community on how they feel about indexing, because it makes things very predictable.

And one of the things that's difficult,

especially as a small-business person, would be the unpredictability of knowing when you're going to get a huge jump like this.

So, folding into the conversation of, if and when and how the minimum wage is raised, how do we then consider making it a less unpredictable business of when those costs go up?

Several people have mentioned the issue of wage compression that you have.

This isn't just about those who are currently at or below the $15 per hour, but what about those who are just above it?

And so there is some evidence that that compression effect is real.

Some economists have said, up to 150 percent of the minimum wage.

So, if you increase the minimum wage by $10, you'll see ripple effects up to 15.

If you raise it at 15, you're going to have significant ripple effects up to 22.

That's a -- that is a reality, or an experience we've had in the past with smaller increases.

Dealing with that kind of wage compression, though, is not -- is not a new issue for employers.

Employers are constantly dealing with, if I raise this worker's wage, how do I deal with this worker?

So I think the compression challenges, while they're real from a budgetary standpoint, that issue of, "how do you deal with the dynamics of your workforce?" is something that folks are used to dealing with, because it happens all the time for different reasons.

The one final point that would I make --

And then, you know, we can answer any questions or talk about whatever you want to talk about, either what's in the prepared comments or other.

-- is the macroeconomic environment that we're in.

And so no one's really talked about whether this is a good or bad economic time to be doing this.

And I would say that, first, New York State, as well as, you know, the U.S., has a very resilient economy. We have absorbed increases and changes in labor law multiple times than -- with big changes.

And so we are a resilient, adaptable economy.

If it were five years ago, I would think this would be a non-starter as the time to be having this conversation.

Given we are at a point right now of very low inflation, low energy costs, unemployment is continuing to fall, we're rebounding in employment, from the larger macroeconomic situation, this is not a bad time to be having the conversation. And it's a much better time than five years ago.

So just thinking a little bit about the resiliency of the economy, overall, and the larger macroeconomic time that we're in right now, I think is also something we just want to be considering as we think about whether this is something we push for at this time or not.

So, are there other questions or comments?

SENATOR MARTINS: Thank you.

You know, from a micro standpoint, obviously, we're getting various testimony, testimony we had earlier today.

Certainly, discussions around minimum wage always revolve around these issues, but we're going, as you said earlier, into unexplored territory.

And so do you have a sense, I mean, as an economist, what are our expectations?

You know, we have experiences in smaller incremental increases, and, certainly, in a more, I guess, controlled manner, and not that this isn't, but, what are our expectations?

Is it fair to expect that if we had a certain expectation of a smaller increase, that a larger increase would lead to a proportionately larger disruption?

DR. LINDA BARRINGTON: And I think we don't know, and that's why economists are quiet on this, or the ones who have come out in favor of increases in the past are not willing to make that statement now.

Now we don't know if the function is monotonically increasing, if it's a geometric thing.

When you -- when we think about the impacts, a lot of the conversation gets focused on employment and whether we're going to have employment impacts.

For the smaller increases we've seen, I might be on a little different part of the spectrum than earlier speakers, to say that I think the evidence is the unemployment -- there hasn't been the significant impacts that have always been warned of.

But, again, those are smaller increases, and we don't know on this large of a scale.

I think what we do know is that, employing --

the number of hours you employ workers is not the only channel by which you can react to the higher wages. And, so, employers do react through increasing the efficiency of their operations.

So there have been studies that say, if you raise the minimum wage, then a lot of employers find it costly to lay off workers or to pull back, or they can't -- as people have said earlier, you can't do business if you don't have employees.

So what you need to do is get smarter in how you work.

We have seen evidence on the positive sides of minimum-wage increases, of increases in -- reductions in tenure, that-- I'm sorry, reductions in turnover.

That, in the case of San Francisco Airport, which is one of the microstudies that's been done, there was much higher retention rates, or reduction in turnover rates, of employees within the airport.

So we know that if you increase wages X amount, it does impact; it reduces turnover costs for employers.

So that's another way that they absorb the higher cost, is they have lower costs to dealing with turnover.

We don't know is, if it's a 50 percent, or a 100 percent, increase in the minimum wage, what does that mean vis-a-vis a 10 percent?

And that's the uncharted part of this.

SENATOR MARTINS: And, so, what do you suggest?

And that's really the point.

We're heading into areas that we've never seen, and we don't have any models to be able to go back and say, well, it happened this way here, other than speculation.

DR. LINDA BARRINGTON: Right.

And I think we do have windows of opportunity. Right?

So being able to look at -- right now we see changes being rolled in already, right, by executive order.

How quickly can we gear up to understand, for the different regions in the state, for the different employers, for the non-profits versus for-profits, how they're reacting to any of these?

What is the impact in a -- typically, when we talk about turnover rates, you'd look at a yearly cycle.

So, we should know within 12 months of a new increase coming in, how quickly turnaround changed or didn't change, as a starting point.

So I would say we want to be ramping up and intensifying the study and understanding, on a faster pace, with the little bits of experience that we do have, as things start to go one place or another, so that you have then, information, so you can start thinking about course correction, or either ramping up steeper or making things more gradual.

SENATOR MARTINS: No, I understand, and I appreciate it.

One of the examples that is sometimes given is that, you know, obviously, the business is going to have to absorb the increase, and not necessarily going to immediately start laying people off, but they will immediately start looking for those efficiencies.

DR. LINDA BARRINGTON: Yes.

SENATOR MARTINS: So whether it's replacing a person with a kiosk or an iPad, or whether it's some other means of cutting costs, the business will eventually readjust to absorb those additional costs. But the initial reaction, obviously, is that they're going to absorb it, typically.

Is that fair?

DR. LINDA BARRINGTON: Yes.

And in two different -- in the case of non-profits, where you'd -- or, businesses where you don't have a price you can increase, you have to absorb it all. Right?

In the case of being a business or an employer where you have a product or service to sell, you can pass some along into price increases.

So, again, there's a -- where we see increases in the minimum wage of being rolled into for-profit businesses, where prices can be increased, we can start to see how quickly prices may be changing, and how much is being passed on to consumers, and how much is being absorbed internal.

SENATOR MARTINS: And that's a real concern.

You know, we'll have, some representatives from not-for-profits will be testifying, hopefully, shortly.

And one of the concerns is, if you don't have the ability to absorb it, if you don't have reserves, you don't have the ability to pass those costs on to someone else, there is only one alternative. And that's a very difficult thing, and it's a conversation that we're going to have to have.

DR. LINDA BARRINGTON: I think, as businesses -- so there's also how you stagger the -- what you expect from your employees as you grow is another slight tweak on that. Right?

So as you double your business, if you figure out how to get your workers to be more productive, you don't have to double your workforce. Right?

So, it's not that you're necessarily going to lay off workers or replace them with computers.

You can -- and there's an interesting study in Florida of some restaurant owners, looking at impacts of minimum wage, where the expectations they have of their workers went up.

So they expect them: If I'm paying you $15, then, you know what? I don't need to stay here myself and close down the store, because you -- I'm now expecting you to do that.

So there's channels of increasing their, you know -- the performance expectations, redesigning the way the business runs, and then there's also, perhaps, using technology to increase efficiency.

So it's not automatic that workers will be replaced with machines to come up with efficiencies.

You can reorganize operations and improve training, and other things.

So I think a very important point that has come up a couple times is, how does workforce development and training need to come in tandem with this?

Because if you improve the talent and the skills of those workers, the $15 an hour is less of a burden, so to speak. Right?

It's less regulatory if the natural market wage is closer to that, and it's closer to that if we can build up the skill set.

SENATOR MARTINS: Thank you, Doctor.

SENATOR SAVINO: Thank you.

Just one interesting question.

I wasn't here for your testimony, but I read it quickly.

You raised a point in my thinking, in terms of the efficiency of the workforce.

Obviously, you're going to want to get more out of your workers. Right?

So you want them to be more productive, so, this way, you don't have to hire someone else.

Is there -- have you seen, or has any research been done, on whether or not employers might shift them into the salaried or independent-contractor status or the managerial title, so to avoid the payment of overtime as the wage rate goes up.

Take me out of the standard wage-an-hour division and move me to, I'm a manager now. So now I work a 40-hour week, and I'm capped, and I don't earn any overtime, or, I don't work a 40-hour, I work whatever you tell me have I to work.

Have you seen that happening?

DR. LINDA BARRINGTON: I would have to look to see if anyone's looked at that.

I know that, from the employer perspective and the compensation perspective, you have all of those federal guidelines changing as well.

And so one question is, whether the $15 an hour is as high as it would have been if we haven't -- hadn't just jacked-up all the regulations on the salary versus the hourly pay. Right?

So because now we've raised the bar for making someone a manager, and avoiding hourly, it's sort of like, that cost's already gone up.

And so if you think of where the minimum wage sits vis-a-vis that, you know, again, this isn't a bad time to be considering this increase because we are making all these other adjustments that are making some of those loopholes, perhaps, more difficult because we're raising the standard have you to meet in order to move someone off hourly.

Does that make sense?

SENATOR SAVINO: Yes, it does.

Thank you.

SENATOR MARTINS: Senator Perkins.

SENATOR PERKINS: Oh, no. Thank you.

SENATOR MARTINS: Doctor, thank you.

Thank you very much.

DR. LINDA BARRINGTON: Thank you.

SENATOR MARTINS: And thank you for your patience.

DR. LINDA BARRINGTON: No worries.

SENATOR MARTINS: Next up we have Ted Potrikus, president and CEO of the Retail Council for the state of New York.

Good afternoon, Ted.

TED POTRIKUS: Good afternoon.

SENATOR MARTINS: Let me start by apologizing for --

TED POTRIKUS: That's okay.

SENATOR MARTINS: No, no, let me start by apologizing for, you know, the shuffling of the order.

I know that you have been waiting patiently, but I was trying to get every perspective here, and certainly didn't mean to --

TED POTRIKUS: I understand.

No, and I understand, too, that we have a bit of a -- I'm not sure that it's, I don't want to say unpredictable anymore.

I think people can pretty much predict where we are going to end up on this issue.

So I do appreciate the opportunity that you're giving us today to talk about the retail-industry's position.

It's been called "nuanced."

You have our written testimony.

I could treat you to a word-for-word slow reading of it, but I won't.

It's my New Year's resolution.

SENATOR MARTINS: You're a good man. Thank you.

TED POTRIKUS: I'm just going to wing it.

But, Senator, you said something at the outset of the hearing today that I found very interesting, and I think really represents the way that the retail industry in New York -- and I really can speak only for the retailers in New York --

I know that there's concern that the position that we take on this issue here in New York is something that would be translated to go into other states, and that's just not the case.

I speak only for the Retail Council of New York State.

But what you said was, "the need to take a half step back and take a broader view," which really is the position that the council, on behalf of its members, and as instructed by its members, large and small, has taken on this issue, really, for more than a decade.

So, how do we look at this?

I think we agree with many of the concerns, if not all the concerns, that some of our colleagues on the business side have expressed, in that a too-precipitous increase, if it's done in one fell swoop, or in three or four smaller swoops, that a minimum-wage increase to $15 an hour is something that we just can't sustain.

And the factors that render that so, I mean, just today, what you'll hear when you leave here, the news came out today that Macy's is closing five stores in New York, because Christmas sales for brick-and-mortar retail this year, particularly in the northeast, where the weather wasn't particularly Christmassy, were horrible. They were down a significant percentage.

Unless you're amazon.com, I don't think you did as well as you might have wanted to do this year.

On the other hand, we also recognize the call from the proponents for an increase in the minimum wage, about their needs and wants. And these are the folks who shop in our stores, and who we want to shop in our stores.

And we think that there is some merit in the studies that have come out to say, that if people earn more in the minimum wage, the first thing they're going to do is spend it on the things that they need and the things that they want.

So we do have to look at this from both perspectives, as an employer, as a business entity in the state of New York, but also as somebody who is serving the public: the general public, the shopping public.

And what I'm pleased, is that Governor Cuomo last week asked me, in my role at the Retail Council, to be part of the Governor Mario Cuomo Campaign for Economic Justice, which we accepted, not to endorse anything specifically, but to endorse and to show appreciation for participation in the conversation, as we appreciate the ability to do this today with you and with your colleagues.

So I think, going forward in this legislative session, I do not envy you and your colleagues in the Legislature, because, you know, on this side of the desk, as you mentioned a few minutes ago, you're going to have the stack of studies that says "no"; and you're going to have a similar stack on this side that says "yes."

How do you choose?

I don't know.

And, I think what we're here to do is, really, try to work with you, with your colleagues in the Assembly, with the Executive, and with our members, to try to figure out a way that follows -- actually, what I should say, one last thought, is, last year, as you know, we endorsed the executive budget proposal that the Governor put forward for an increase in the minimum wage. And I think it would have taken us to 10.50, and 11.50.

And we saw a lot of sense in that, because it was something that we thought, over that two-year period, was something that businesses could plan for and something that we could sustain.

I think it's that spirit that we hope to go into this year with, and I think that's why the Governor asked us to be a part of the campaign that you've heard about.

And where that leads us, I think is, you know, there are many roads to yes, and I do hope that we can a part of that.

SENATOR MARTINS: I certainly appreciate that.

Your role with the foundation, is it to be part of the -- I guess, the deliberative, I guess, or deliberate and recommend? Is there a report that will be produced?

TED POTRIKUS: I don't think so.

I think it's more, at least based on my experience on Monday, which was something I had never attended, which was the rally to kick it off, you know, it seems, you know, a push. A "Fight for 15," is what the hashtag is, you know, and is the one that has caught flame all over the country.

I think what our role, the way that I see it as, is the ability to take, at least from the retail-industry's perspective, some of the concerns that our small and large members, because the

Retail Council does represent, we represent the whole gamut of the industry, from the largest stores, right down to the mom-and-pops.

Those stores are represented on the board of directors to whom I answer.

And it's been very interesting talking with them, because, yeah, you do hear the concerns of small business, but, a number of the small retailers that are members of the Retail Council have said, Well, if this is done correctly, you know, if -- again, if that curve, to whatever that end number is, isn't too steep, if it's something we can sustain, then let's have that conversation.

And I think that's what my role is.

SENATOR MARTINS: No, I appreciate it.

But is that end number, 15, or is it something else?

TED POTRIKUS: Well, like you've said several times this morning, we haven't seen that proposal yet.

Let's assume it's 15.

Let's assume it's 15, and let's assume it mirrors that that the Fast-Food Wage Board approved.

That's an interesting part of that, too, because, you know, in some of our stores, there are fast-food establishments inside the store. So you're looking at the potential for a bifurcated wage scale inside a building, you know, where you're sitting there, going, God, here I am at the register. I sure do wish I was over there, you know, doing whatever is happening in the fast-food place, because I may be making more.

That's kind of hard to get through.

So --

SENATOR MARTINS: Or the register in the fast-food portion making more than the register in the retail portion.

TED POTRIKUS: Exactly.

SENATOR MARTINS: Same job --

TED POTRIKUS: Same job.

SENATOR MARTINS: -- two different scales.

TED POTRIKUS: Two different scales.

SENATOR MARTINS: But, again, you mentioned that, you know, part of your -- part of your -- hopefully, your role in being part of this initiative is to help steer how this will be implemented.

How would you like to see it implemented?

How would the Retail Council like to see this implemented?

And if it is going to be implemented, how would you suggest?

TED POTRIKUS: I think there's a couple keys to that, and it's a great question, Senator.

And if this were to be implemented, "slow and steady," which is reflective of what we supported in 2011, and again last year, both of the things.

I think it was 2006 when it was done, I lose track of time now, because I've been here for so -- 30 years, and I'm starting to lose the dates.

But, slow and steady, and, something that we can manage.

Simply because, so many New Yorkers of all age come to retail for that first job experience, for the part-time work, for the job training that we hope they stay with us and use, but they may move on and go elsewhere.

So we still need to be able to provide those jobs.

We still need to be able to provide goods and services to people in a competitive way.

Because, as I mentioned with these store closings, and it won't just be this one brand, you know, competition is world right now.

We can't just raise prices, but you can build in.

So how do you build that in? Slow and steady.

I do think that there's always room for a training wage.

I know that's something that's fallen off the table in years past, but, if a retailer is going to take -- particularly, a small business, that's where I got my start.

We were talking about where people get their start.

I learned how to mix paint in Cooperstown. And, you know, that's how I learned how to run a cash register. And, not make the green paint, sold as the black paint.

It's -- you know, that's where you learn the skills that translate into, well, this.

SENATOR MARTINS: Slow and steady.

TED POTRIKUS: Yes.

SENATOR MARTINS: What is that?

Because, we have, obviously, some proposals that are out there; although, not the proposal for a statewide or a city wage increase.

TED POTRIKUS: Yes, sir.

SENATOR MARTINS: So taking, past, and

assuming it's prologue, taking what was done for state workers, what was done for SUNY workers, what was done for the fast-food workers, if we were to use that same model, does that fall within your definition of "slow and steady"?

TED POTRIKUS: No, actually; and I thank you for putting it that way.

There are a number of our member stores who are very concerned that even that is too precipitous a climb to sustain.

You know, that there comes a point -- and I'm not an economist either. I'm a paint-mixer and lobbyist.

So, I'm not quite sure how to do the math, but there's a point where the wages, under the model that we're talking about now, actually surpass what a company would be able to sustain.

Now, there may be some, and there are retailers who are saying, Well, wait minute. I know have to worry about competing for -- in the same job market with the fast-food marketplace where people may go, and I might lose some of my good workers over to there.

There are -- the other phrase that I've heard today is, this is a multidimensional issue.

And the longer I talk here, the more dimensions I'm adding to it myself, because these are the things that retailers worry about. And they look at this and they think, Okay. How do we respond to what the public is asking for?

I mean, the same public-opinion polls that put this issue at the top, and it's very popular, they're the same folks who shop in our stores. And we're running those polls every day:

Who's in, who's not?

How are our sales?

What's going on?

We need to respond to them in a constructive way.

And I think doing that, and responding to the call for an increase in a minimum wage, like I've said, I do think it can be done, as long as it's a way that the retailers can sustain it.

And I think as we see the proposals come out, and let's assume it comes out next week, then we'll be able to comment a little more directly on the impact as it will relate to the stores, small and large, who we represent.

SENATOR MARTINS: So closer to what was done in the past, this one seems to be more precipitous?

TED POTRIKUS: There are a couple of steps in it, where it's -- I believe it's a dollar a year. And that's a little steeper than we've done.

You know, in the past it's been at that 75-cents-an-hour range.

And in an industry, and we have close to a million employees, you know. And when you're talking about stores, small or large, trying to really absorb that quickly, that money's got to come from somewhere. Those prices have to go up, and then, suddenly, we're all back to "whatever.com," and we're not shopping in the stores in New York because the prices went up too fast.

SENATOR MARTINS: So even for large retailers, there is a point where that increase is going to affect their ability to be competitive, or even to stay open?

TED POTRIKUS: Indeed. Yes.

SENATOR MARTINS: I appreciate it.

Senator Savino.

SENATOR SAVINO: Thank you.

Thank you, Ted --

TED POTRIKUS: It's a pleasure.

SENATOR SAVINO: -- for your testimony on this, and for your support on the overall issue.

You know, there's -- most of the representatives of the business community generally come out against it.

But as you pointed out, it's a very multidimensional, complicated issue, for employers as well.

I've heard today several times, the question is, "why $15?"

I think the ship has sailed on that.

TED POTRIKUS: I would agree with that.

SENATOR SAVINO: I don't think we should be debating it anymore, because once the $15 per hour was established for the fast-food industry, which is a subsection of the low-wage workforce, it makes it very difficult to walk it back for any other set of the -- part of the low-wage or entry-level workforce.

I can't imagine that we would end this year with someone delivering a pizza for a fast-food chain, earning $15 an hour, and someone delivering child care earning something less.

Do you think that's a possibility?

TED POTRIKUS: I would have to agree, Senator, that the 15, and our members have said, you know, where did the "15" come from?

Well, it was an effectively meted-out campaign to make that the number that stuck.

You could wish it away.

I wish the Mets had won the World Series last year, you know?

SENATOR SAVINO: Right.

So I think we all established that whatever we do going forward, $15 an hour is the start. And, certainly, we're not going to roll it back to $13 or, you know, some other thing, with the peg to inflation.

I think we should all start wrapping our heads around the idea that $15 is going to be what the minimum wage will be, if we adopt it.

You know, that's assuming we can come to some agreement, and the Governor gives us a proposal that we can all get behind.

But, on the retail side, you made an interesting point that you guys are kind of betwixt and between.

TED POTRIKUS: Yes.

SENATOR PERKINS: Because, while you have to absorb the increased cost, you benefit the most out of the increase, because people then turn around and spend that money, and Macy's or CVS or Dwayne Reed or whatever the merger is today.

I don't know, it's Dwayne Reed, Walgreen's, CVS, (unintelligible).

But you actually will benefit from it as well, so it puts you in an interesting position.

Are there any other sectors of the business community that you think are similarly affected that way?

TED POTRIKUS: Well, that's a question that -- that I've thought a lot about over the years whenever we've had this conversation about the minimum wage.

Really, about any issue that affects the workforce.

The people who not just work in our stores; the people who we seek to employ and want to be able to employ.

But the people who work elsewhere, and then we want them to come in and shop, you know, we've got to be very careful about that, because I think, I would say, retail, and all its, manifestations whether it's just the clothing merchants and the hardware stores, car dealers, whatever, let's think of anything retail, restaurants, we're the -- we are the face of the metamorphosis thing called "the business community."

You know who the retailer is.

And I think that that's why we do have to really kind of sail the boat down -- I've been told a couple of times over the past couple of years that our position on this issue is very nuanced.

Like that's a bad thing, you know?

And perhaps nuance is bad, but I think -- Mr. Chairman, I think your point, that we have to take a step back and really look at this from a broader angle, is the angle that the Retail Council Has chosen to take a look at this, and it's a tricky place.

SENATOR PERKINS: Yes, it is.

TED POTRIKUS: But people -- you know, it's the middle of the road, but, boy, stand in the middle of a thru-way, there's trucks in both directions.

SENATOR PERKINS: Thank you.

TED POTRIKUS: Thank you, Senator.

SENATOR PERKINS: I'm fine. Thank you.

SENATOR MARTINS: Ted, thank you.

Thank you very much.

TED POTRIKUS: Mr. Chairman, thank you.

SENATOR MARTINS: Good to see you.

And thanks for participating.

TED POTRIKUS: Great to see you.

Happy New Year.

SENATOR MARTINS: You as well.

Thank you.

Next we have, James Parrott, deputy director and chief economist, Fiscal Policy Institute, and, Paul Sonn, general counsel and program director, National Employment Law Project.

Gentlemen, welcome.

JAMES PARROTT: Good afternoon.

SENATOR MARTINS: Thank you for your patience.

Happy New Year.

Paul, good to see you again.

PAUL SONN: Great. Likewise, Senator.

Thank you.

JAMES PARROTT: Thanks for your patience.

Good afternoon, Senators.

So, there's no point in sticking to my testimony. Hopefully, you have a copy of that.

SENATOR MARTINS: We sure do.

JAMES PARROTT: I would much rather talk about the some of the interesting things that you've been talking about, and address some of that.

So, I do want to cover a couple of things that I did speak to in my prepared remarks, and then I want to address some of the questions that have come up.

So I do have some numbers in the prepared testimony on the erosion in household income levels and wage levels in recent years.

There's clearly been a stagnation taking place over -- you know, since the recession began, and going back further than that.

That same sort of stagnation has not characterized the path of business profits in New York State.

Early last month, we put out a little data brief that, using U.S. Commerce Department data, noted that business profits per worker in New York have increased, since 2001, almost twice as fast as the level of compensation per worker.

And that's much -- and the "compensation increased per worker" includes highly-paid executives.

So if you look at the median-wage worker, the gap between their -- the nominal growth in their wages and profits is even greater.

So we should keep that in mind.

We also have a graph in there on the sky-high child poverty rate in New York State.

And, you know, we're here talking about raising the minimum wage, because a lot of these children living in poverty have a working parent who just doesn't earn enough to raise the family above even the, admittedly, very low federal poverty level.

Earlier this week the Economic Policy Institute, a nationally prominent economic-policy research group, probably the most prominent that's worked for the last couple of decades on the minimum-wage issue, prepared for New York a detailed analysis of the prospective worker impact of raising, over a phased-in period, the minimum wage in New York State to $15.

So it's worth reciting some of the highlights of that report so that we have a good baseline understanding of what, sort of, the best analysis in thinking, in terms of who's affected by this.

So, 3,200,000 New York workers are estimated to be affected by this. This is 37 percent of the state's wage and salaried workforce.

The analysis separated New York City from the rest of the state, as the Wage Board -- the

Fast-Food Wage Board minimum-wage increase did.

And our thinking is, that that's what the Governor will incorporate into his proposal.

So in New York City, 1,400,000 workers would be affected; 35 percent of the workforce.

Outside of the city, 1.7 million workers; 38 percent of the workforce.

Three-fourths of these workers are 25 and older, so we're not mainly talking about teenagers here, and where that hasn't been the case for a long time; and, yet, a lot of the debate is sort of stuck in a rut of, 20 years ago, talking about how this mainly affects teenage workers.

That's not the case.

SENATOR MARTINS: Let me ask you: Just on that point, does that include restaurant workers/tipped workers as well in that?

JAMES PARROTT: Yes.

SENATOR MARTINS: Okay. Thank you.

JAMES PARROTT: Yes, we've included all of the wage and salary workers in that.

Two-thirds of these workers work full-time, and more than half have some college experience, either a four-year college degree, two-year college degree, or at least have attended college.

A third have children, and 45 percent of female single parents would benefit from this increase.

So, you know, this increase, while it's not limited to affecting workers from low-income families, it really does a very effective job of helping the incomes of workers in low-income families, and, you know, it benefits a lot of single-parent families.

Roughly, half of the workers affected statewide are persons of color.

And more than half of all Latino workers in the state, more than half, would benefit from this increase, and 40 percent of African-American workers in the state would benefit from this.

Low-income households disproportionately benefit. More than a third of the affected workers are from families either in poverty or near poverty, and over three-fourths of all workers in or near poverty would get a raise from this.

Three sectors sort of stand out in terms of the number of workers affected, and we've talked about two of these.

I want to focus on a third one.

So retail, obviously, is the largest sector affected by this.

Restaurant sector, not surprisingly, is the second largest.

The sector that comes right behind the restaurant sector, though, is the sort of a broad look at the human-services sector.

Everything from home health-care workers to nursing home, residential-care workers, workers providing services to the developmentally disabled, social-assistance workers, child-care workers, and so on.

So this -- about 420,000 human-service workers, taking this broad approach, would benefit from a $15 minimum wage. This is almost half of all workers in this sector.

Now, this sector is unique, in that most employers are non-profit employers in this sector.

Most are working under government contracts, many under state-government contracts, or, they're -- they provide services that are reimbursed under Medicaid. And the State, you know, sets the Medicaid reimbursement rate.

So the State is in a position to adjust the funding streams that go to these non-profits, to enable these organizations to pay higher wages.

And we would strongly urge that the State look carefully at doing that.

We think that it's fiscally smart do that, and, in effect, you don't have a choice either, because you can't leave these workers out; raise the wages for all other workers in the state, and not provide that increase.

So these workers who -- you know, when you think about, this workforce is 80 percent female, and, disproportionately, women of color.

Their wages are low, because the kind of services they provide have -- the kind of occupations they have, have typically been considered female-dominated, and have been underpaid and undervalued, for that reason.

So, you know, in terms of gender-pay equity, and racial-pay equity, the State has to step up to the plate and do something about this workforce.

We've tried to estimate the cost of doing this for a subset of this workforce.

We haven't looked at the home health-care side, because we know that the 1199 folks are doing that.

We haven't looked at the other part of Medicaid-reimbursable services, like developmental disabilities.

I think you'll hear from other witnesses on that point today. They've done their own estimates.

We've looked at the human -- the sort of narrow look at the human-services sector, which is social assistance and child-care workers funded under state-government contracts.

Looking at the state comptroller's website, it looks like there are about a billion and a half dollars in contracts on an annual basis.

And, so, looking at the number of workers who are employed under those contracts, and trying to estimate what a phased-in increase would be, our best sense at this point is, that it would cost 60 to 75 million dollars in the first year to cover the two increases, if the first increase took place April 1st and the second increase took place December 31, 2016.

And that when it's fully phased in, it would cost 200 million -- it would cost 250 to 300 million dollars a year.

And this would provide not only funding increases to raise all workers to 15, but, also, it would provide for some spillover increase, because you'd have a lot of social workers, for example, who might have a master's of social work degree. They're making more than 15, but, their work has also been, historically, undervalued. So, you want to provide some wage adjustment to those workers.

So we tried to factor that in.

Let me say a little bit more about child-care workers.

It was interesting that E.J. McMahon talks so much about child-care workers.

I'm glad to know that he's concerned about the abysmally low-wages in the sector.

So, you know, we think there are things that the State can do.

So two things come to mind, in addition to sort of covering in human-service contracts that go to child-care services, you know, increased funding.

So, a lot of low-income workers depend upon child-care subsidies.

If you can raise the wages of the workers providing the child-care services, you're going to have to adjust the amount of the subsidies.

For those moderate-income families who are -- you're making a little bit above the eligibility level for child-care subsidies, the State could target an increase in the child- and dependent-care tax credit so that those families would be able to reduce their net costs that they're having to pay, because they're going to have to pay higher rates, higher fees, in order to accommodate the increased wages that child-care workers need to receive.

Now, to offset these additional costs on the part of government, we need to think about the fiscal dividend that goes along with this increase in the minimum wage.

The Urban Institute did a study earlier -- in early 2015, looking at, in modeling different approaches to reducing poverty in New York City, and what they found was, one of the policies they modeled was an increase to $15.

You know, if you look at that report and analyzed what they're saying, they're basically saying that there's a 43 percent fiscal dividend; that is, for every aggregate dollar of increase in minimum wages in the total amount paid out, government, at all levels, not just the state or New York City, but all levels of government, and a lot of this, admittedly, is at the federal level, would benefit by 43 cents, both in terms of savings in reduced cost of public assistance, and, the increased tax payments that these low-wage workers would be paying.

So, they're going to pay more in income taxes. They're going to pay more in sales taxes as their consumer spending goes up.

So, in part, the state would be, you know, seeing some of this fiscal dividend that could be used to help offset some of the higher costs that we're talking about.

So, let me quickly address a couple of things that have come up earlier on your exercise in looking at going on the Labor Department website and adjusting the minimum wage, so that, you know, if you adjust it for inflation, you know, it would be $11.50 an hour, or something like that.

What that calculator doesn't factor in is the fact that there's been significant growth in productivity in the economy over time, so that if you adjusted the 1970 minimum wage, which was -- that's when it reached a peak in terms of the CPI level for New York State, if you adjusted it for productivity growth, the minimum wage today would be $18 -- over $18. And by 2021, it would be $21 an hour.

SENATOR MARTINS: No argument.

We weren't discussing the productivity,

though.

We were discussing solely the issue of tagging it to CPI.

JAMES PARROTT: Yeah, yeah, no.

And what that calculation also doesn't factor in is the higher cost of living.

So if you adjusted the New York's 1970 minimum wage, for the higher cost of living in New York State overall, and for the CPI, you would get a minimum wage of $15 in 2015, actually.

It would be a little higher, going forward.

The second thing I want to talk about is, how would businesses accommodate this $15 billion increase in wages, which, coincidentally, the EPI analysis of the effect of the -- on the -- you know, looking at the worker impact, also says that this would result in an aggregate increase in wages of $15 billion.

Maybe that's where the Governor got his -- his figure from.

I'm not sure.

What we haven't really focused on a lot is the fact that, of course, this is phased in over time, and that businesses -- many businesses can adapt by, you know, very slight changes in prices.

Paul Sonn's going to talk a little bit more about this Los Angeles study that looked at how businesses would accommodate that.

And, so, very modest price increases.

And the Cornell professor very appropriately pointed out that this is probably a fortuitous macroeconomic period to be talking about doing something like this, because inflation is very low, unemployment's come down, and so on.

And because inflation is very low, actually, you know, the Federal Reserve would like to see inflation a little bit higher than what it is right now. They would consider that a good macroeconomic result if it's a little bit higher that it is.

So there's clearly some room there for businesses.

And, again if this is done across the board in New York State, then no individual business is at a competitive disadvantage by raising their prices.

So part of the --

SENATOR MARTINS: With respect to other companies in New York?

JAMES PARROTT: Pardon?

SENATOR MARTINS: With respect to other businesses in New York?

JAMES PARROTT: Well, right.

But most of the workers in low-wage sectors are serving a local market, so a lot of them are service-oriented. Retailing, basically, is local market-oriented, and so on.

So, they're not competing, you know, on a global basis, necessarily. A lot of their competitors are within New York.

But, you know, we're not talking about huge price increases.

We're talking about, you know, slight price increases, on the order of 1 to 3 percent a year.

So, we should keep that in mind.

I should probably stop at that point.

SENATOR MARTINS: That's entirely up to you.

You're good?

JAMES PARROTT: Yep.

PAUL SONN: Mr. Sonn.

SENATOR MARTINS: Mr. Parrott, thank you.

JAMES PARROTT: Sure.

PAUL SONN: Thank you, Senators.

Well, you have my written testimony as well.

I'll just hit some of the points that have come up in the conversation.

One thing that I think is really significant to communicate is that the growth -- the significant and growing business-community support for the Governor's proposal.

And this hearing was called on, not lots of advanced notice, and so there's -- we were -- appreciated hearing the nuance position of the Retail Council.

But there -- actually, in addition to them, there is a growing list of both trade associations and individual businesses that are backing the Governor's proposal, as proposed, with the 5-year phase-in.

I believe written testimony from eight of them have been submitted for this hearing, from businesses and trade associations across the state, including Rochester's New Shelves Publishing, the owner, Amy Collins; from Ithaca, retail-store owner Jan Rhodes of Silk Oak Retail; also, the Ben and Jerry's board chair from Ithaca; two Long Island businesses; and one trade association, the Long Island African-American Chamber of Commerce; Spectronics Corporation in Westbury; (unintelligible) in West Babylon; and Hudson Valley Business --

SENATOR MARTINS: Mr. Sonn, if we have

received them, they'll be part of the record.

PAUL SONN: Great.

SENATOR MARTINS: And I'll make sure that everybody on the Committee receives a copy of them.

PAUL SONN: Terrific. Thank you.

And we would welcome, for future hearings, the opportunity to have some of the trade associations and individual businesses be able to speak in person, if possible.

SENATOR MARTINS: I appreciate your request on their behalf.

Thank you, Mr. Sonn.

PAUL SONN: Thank you.

And, also, I think in my written testimony, there's -- you know, there's been increasing media coverage of responses by employers in low-wage sectors, such as restaurants and retail, to the $15 minimum wage.

And there are -- while the Business Council and the Empire Center have opposed -- you know, you can count on them to oppose any proposal increase of the minimum wage, large or small, it's striking that there are more business voices saying this is manageable if phased in.

And I can direct you to my written testimony

Section 2, there's a Rochester area business owner, also happens to teach at The University of Rochester Business School; a noted Harlem restaurateur, and then the CEO of Popeye's, have all said that, you know, there's really been too much of a big deal made about the $15. That if phased in properly, it really is manageable for businesses to adjust.

On the point of where the "$15" figure came from, you know, it's -- as I think has been discussed, in one level, it came from workers themselves. This was sort of their demand.

But, in terms of cost of living, it really -- you know, the economic case for why workers need 15 everywhere really starts with living costs.

And the Economic Policy Institute report has stats on that.

We also have a similar report coming out next week that shows, even in the lowest-cost parts of the state, in Rochester, Buffalo, Syracuse, the North Country, a single worker needs -- by 2021, will need over $31,000 a year, which translates to $15 an hour, just to, you know, cover a basic budget: to rent an apartment, to cover housing, food, and living costs.

It is true that there are varying economies and living costs in the state, but $15 is really the floor. And then those costs go up downstate, on Long Island and Westchester and New York City, where, arguably, an individual worker actually needs more than $15.

But -- so the Governor's proposal is really pegged to what workers reasonably need, a single worker, in the least expensive parts of the state.

SENATOR MARTINS: To that end, what's the model that you're looking at?

Are you considering this as a parent, two-income household, with two children?

What is the model that you are basing that statement on?

Is it a single parent with two kids?

Is it two parents, or two workers, working at minimum wage with -- you know, where do we -- how do we draw that?

PAUL SONN: No, that's a good question.

I'm sorry that I wasn't clear.

That's the single worker with no dependent, but a basic budget, using the family-budget calculator.

The numbers just go up from there if you have single workers or a pair of low-wage workers supporting children.

So it's -- it's "15" is the baseline that a single worker in the least expensive parts of the state needs -- will need by 2021 to cover the basics.

Then workers with dependents, upstate, and even single workers, downstate, would need, arguably, more.

But, you know, 15 is, obviously, a huge advance, it would be a very significant increase in the minimum wage, for everyone.

And, again, we have a report, sort of breaking down by the family type and region of the state, that will be coming out in the next week or two, detailing that.

I guess, on the -- generally, the economic literature on the minimum wage, I think Professor Barrington, really, her characterization of it, I think, is exactly right, that the bulk of the credible research on minimum-wage increases in the United States over the past 20 years shows very, very small adverse effects on wages.

And that's -- in our written testimony, there are these metastudies that present this visually through funnel graphs, and you can see that the bulk of the studies are clustered around the finding of close, very small adverse effects on jobs.

And I think, instinctively, you all know that you voted for a series of minimum wage -- you know, modest minimum-wage increases in the past few years.

I think this Legislature, Republicans and Democrats, concluded that they were unlikely to significantly hurt the state's economy. And the business press, and, you know, the media have confirmed that conclusion, that there's been no evidence that the past increases you approved have hurt the state's economy.

The studies that my friend E.J. has cited are, really, he has a modeling exercise with the American Action Forum.

They are really all outliers that don't represent the bulk of the research.

The written testimony explains, he used two individual -- he has three different models, two of -- one of them is the Mere and West study, which has been discredited by other economists.

It claims that small minimum-wage increases result in big job losses in industries that don't even have many low-wage workers.

It's, really, truly an outlier.

Same with the Clemens and Withers study he mentioned.

He actually mentioned another study in the Cornell "ILR Review" from 2012, by a guy named Joseph Sabia, that he said -- that purported to confine that the 6.75 minimum-wage increase that New York phased in from 2004 to 2006, that it killed a lot of jobs in the state.

I think E.J. maybe hasn't caught up on his back issues of the "ILR Review," or maybe his subscription has lapsed.

But if you look in last September --

SENATOR MARTINS: We don't need to go there. We don't need to go there.

PAUL SONN: But with respect, there's a study that re-runs those numbers.

The Sabia study used just a subset of the available federal government dataset.

The latest Cornell ILR study re-runs the numbers, and shows that those surprising adverse effects from past minimum-wage increases in New York disappear.

So, the bulk of the research shows that recent minimum-wage increases studied have had very small adverse effects on jobs.

But that brings you to the question of these $15 proposals, which as -- are on a larger scale than the United States has experience with.

And so the state-of-the-art research modeling that impact is what University of California economists did under contract for the City of Los Angeles, and which was published there.

And it's -- I think we've summarized it in our materials, but it really, actually, is -- it's, you know, a very sophisticated model that, you know, many economists have helped to develop and weigh in on, but it really identifies two major impacts that a big minimum-wage increase has on employers and labor markets.

The first is a large impact on labor costs.

And so -- and the literature suggests that, you know, it's absorbed, generally, through three channels.

There's a -- there's some, actually, efficiency savings, as workers stay on the job longer, and, you know, that may amount for up to -- offset up to a quarter of the cost.

There's some trimmed profit margins, but a big chunk of it comes out of prices. You know, probably half, or more, there are, you know, price adjustments.

So, the first big effect that the L.A. modeling shows is, when you raise the minimum wage to 15, employers' labor costs will go up, they'll adjust prices. That's sort of a negative on business because, then, consumers can afford to buy less.

So that's a negative on business sales.

That is one effect.

However, then the second part of the modeling identifies the second big effect that you get from a $15 minimum-wage increase, which is a large expansion of employee wages and consumer spending power, which, in turn, creates new sales at businesses where workers spend their wages.

And the L.A. modeling shows that those two effects are on, roughly, comparable orders of magnitude; that they largely offset each other.

And they predicted a very small net job loss that will be experienced in L.A. over the, you know, 5-year phase-in period.

So -- and I think that's sort of instructive of the way, you know, New York, and there should be -- similar modeling should be done for New York for the Governor's proposal, to take a close look at its likely impact. But, I think you will likely find a -- that these two effects largely offset each other.

There may be some small adverse impact on jobs, which, you know, largely, taking the form of slightly slow job growth. But the benefits for workers are really -- as Professor Barrington said, really historic and far-reaching.

I mean, the impact numbers more than 3 million New Yorker getting a raise, on an average, of $4800 a year. These are for workers making around, say, $20,000.

You know, that really is the first public-policy step that the Legislature has been asked to take in the last, you know, decades that would really, you know, readjust -- rebalance the kind of wage-growth patterns in the state, and restore prosperity and a shot at a middle-class existence for, you know, more than 3 million New Yorkers.

On just other last points --

SENATOR MARTINS: The minimum-wage increase that we voted on a couple of years ago doesn't count; right?

PAUL SONN: No, no, it's very significant.

Really, you know, an important step forward.

One issue that has not been addressed I think very much to date, is the question of how the Legislature will approach tipped workers with this proposal, which is, you know, a very significant issue.

The State has made real strides. It has had a very low-tipped wage, historically, for a long time.

Last year, the Albany -- you know, through the Governor and the Labor Department, raised the tipped wage to $7.50, which raises it, that's 83 percent of our new $9 minimum wage.

So it's a -- they went a good distance of the way towards bringing it up to the full minimum-wage level.

So we would urge that the Legislature and the Governor to really fit -- to continue that trend, and, gradually, very incrementally over time, slowly phase out the tipped sub-minimum wage as part of the package that you the hammer out around the full minimum wage.

And the reasons for that, I think there are several.

The first is, you know, many of the tipped industries are really notorious sweatshop industries where workers are barely getting by.

These are nail salons that have been the subject of so much exposure -- you know, media coverage. Car washes. Pizza-delivery people. The personal-assistance workers at the airports.

And they -- you know, they surely should be getting the full minimum wage, and any tips on top of that.

The second reason is, it's widely recognized by enforcement officials that the tipped wage -- the complicated tip-wage system, where employers are supposed to track tips, and net-up workers if their total compensation doesn't meet the minimum wage, is very difficult to enforce. And it's the single aspect of the wage-and-hour laws that accounts for the largest number of violations in the restaurant industry.

And, you know, phasing it out eliminates the serious enforcement problem.

Three, it's a huge working-women's issue.

Tipped workers, overwhelmingly women, and it's one of those factors contributing to their more than -- to the fact that tipped workers have more than double the poverty rate of New York's workforce as a whole.

Fourth, it's really -- there's no serious case that it's not -- that it's economically necessary.

We know that, because there are eight states that have eliminated the tipped minimum wage. And many of them are -- they include Minnesota, California, Nevada, Washington, Oregon, Alaska, a variety of states, many of them have topped-growth restaurant markets there.

And, in fact, these high minimum-wage cities, Los Angeles, San Francisco, Seattle, are all in states where there's no lower tipped minimum wage. So, you know -- and the restaurant industry pays the full-tip minimum wage, and then -- the full minimum wage, and tips on top of that. And it's booming in those cities.

I think the counterargument, though, the concern that's always been raised has been focused on a -- has been the argument that tipped workers actually earn significant amounts in tips and really don't need a higher-based wage.

And that is true for a small segment of the restaurant industry, especially in Manhattan at higher-end restaurants.

But, first, that's not representative of tipped workers in the state.

The median wage for tipped workers, even after counting tips, this was from two years ago, was about $9.30 or so.

So just more than the minimum wage, but still very, very low.

So it's -- and then the other -- so it's -- you know, tipped workers are -- you know, really are not -- are -- are low-wage workers who really deserve a raise.

And then on the issue of the high-end restaurants, in fact, you know, many -- in the past, many of them said: That we can't get rid of tipping. Consumers really want the tipping system. And it's really distorting our pay scales. Or the wait-staff end up being very, very highly compensated.

Well, we're now seeing this trend where, actually, many of those high-end restaurants are starting to eliminate tipping. There's a growing number.

Danny Meyer (ph.) has eliminated it.

Joe's Crab Shack, the first national chain to do it.

So it shows that, actually, for the high-end restaurants, if -- you know, there's an alternative solution.

And, in fact, if restaurants are getting rid of tipping, though, it's really all the more important to have a very high base minimum wage, like, you know, the Governor's proposed $15 minimum wage.

And the last point, the earned income tax credit, that there's been discussion about, it is, you know, an excellent policy.

And New York's earned income tax credit really should be expanded significantly. But that goes -- it's not a substitute for raising the minimum wage. They go hand-in-hand.

And if you actually were serious and wanted to deliver a comparable increase, through an expansion of the earned income tax credit, you would have to almost triple the size of New York's earned income tax credit. You would also have to expand it more generously to single workers.

It would surely cost several -- you know, billions of dollars.

And, so, you know, the only reason earned income tax credit expansions in the past have been relatively less expensive, is because they've been very small.

So it's not a substitute, but it really -- a strong earned income tax credit, together with a strong minimum wage, go hand-in-hand in being able to lift workers up to a decent level.

Thank you. I appreciate it.

SENATOR MARTINS: Thank you very much.

Just a couple of questions, and I was going to touch on the tipped workers, because, you know, in my experience, when we have considered the possibility of increasing tipped workers' pay to a minimum of the standard minimum wage, the pushback from the industry has been rather quick, and they have opposed it quite, you know, strenuously.

So, I get it. I understand what you're trying to say.

But I would suggest that perhaps the industry itself hasn't necessarily coalesced around what they want, just yet, but we'll go back and check.

PAUL SONN: I'm sure the industry in New York continues to be opposed because, you know, it's a cost-savings for them. So they would prefer -- so I'm not --

SENATOR MARTINS: No, no, no --

PAUL SONN: -- I wasn't suggesting the restaurant industry --

SENATOR MARTINS: -- no, no. Not the restaurant industry.

PAUL SONN: Oh.

SENATOR MARTINS: The tipped workers.

PAUL SONN: Oh, the tipped workers.

SENATOR MARTINS: The tipped workers themselves, they have their own association.

They came in and said, Don't touch it. Do not touch this. We do not want you to touch this, leave it alone.

And, so, I understand.

We will revisit.

PAUL SONN: With respect, I think they may be ambivalent about eliminating tipping, but --

SENATOR MARTINS: Mr. Sonn, it's not an argument. I'm just telling you, that's what happened.

But to the extent that, you know, we have discussed, you know, various economists, there are economists out there, and I would hope, you know, that you would acknowledge, that have significant concerns about the prospects of going to $15 an hour in a state, like ours. And, you know, these are not outliers, these are not fringe elements, these are not reports or economists to be discounted.

These are among the most well-regarded economists in this country, who have written reports -- I've got copies of them right here -- who have said, you know, we have to be very careful here because we may not -- we may not get the result that we want if we have such a large increase.

I mean, I have to understand, and I assume that you have -- are familiar with these reports, what would you respond to that?

JAMES PARROTT: Yeah, so I would say that mainly what that derives from is the fact that there's not sort of a well-established academic literature that's looked at, the sort of increase that we're talking about to something like $15.

There are reports, though, and these economists who say that they have reservations about going to 15 because they -- you know, they haven't seen good studies on this, I don't know that they've issued sort of detailed, analytical, empirically-based reports that they're making --

SENATOR MARTINS: Based on what?

JAMES PARROTT: -- so it -- just -- it's their impression now.

If you look at the reports, like the Los Angeles study, which is very detailed. It's a micro and macro combination. It looks at it sector by sector, it looks at the effect of higher wages, phased in, on operating costs of businesses, which are different in every industry of the economy, and then it sort of builds up the overall conclusion from that.

And Paul very appropriately summarized that as, you know, there are going to be -- you know, as we've heard, there are going to be some savings related to reduced turnover, and those are significant.

It doesn't go all the way, in terms of covering the increased costs, but it's pretty significant.

And, you know, it's difficult to measure because that's one of the things that we don't have a lot of experience with, is what the impact on morale is going to be when a worker goes from $9 to $10 to $15.

It's clearly, you know, when we think about the impact on workers, it's going to be life-changing for many of these workers.

That will have an effect in the workplace.

And, hopefully, employers will see some benefit of that, in terms of, they can sort of go home at night or go home early, sort of, you know, confident that their, you know, more dedicated workforce is going to, you know, keep good control of the business in their absence.

So it -- and then on the other side, if you look at the positive effect of the increase, the spending of the increased wages, and what that does, you know, it sort of offsets.

And, you know, since the wage structure is a little higher to begin with in New York, overall, than it is in Los Angeles, you know, it could be that the -- you know, very slight adverse employment effects are not even present in New York when you do the balance on that.

So, these studies, or this team of economists, at University of California at Berkeley have, you know, an exemplary track record in terms of the credibility of their past minimum-wage research, looking at the sort of the smaller incremental increases in the minimum wage, so that they certainly, you know, note, they have a lot of credibility in terms of their analytic skills in doing that.

So they're bringing that experience to bear, and looking at a phased-in $15 increase, taking this sort of new approach of looking at it sector by sector in the economy.

And I think that, over time, as these more prominent, respected labor economists become familiar with those studies, I think their reservations will be addressed.

Now, Krugman, for example, you know, who's very on top of -- he's on top of a lot of literatures, because he's -- there's a lot of pressure to sort of come in on the issues of the day, at a CUNY forum on October 1st, I was there, I heard the man say it, you know, he was very impressed with the empirical literature, the sort of research from the Berkeley team, and he's thought about the impact of New York going to $15, and he says he sees no problem in that.

You know, he's a Nobel laureate economist.

SENATOR MARTINS: For New York City. For the metro area.

JAMES PARROTT: No, no, for New York. He was talking in terms of New York State.

SENATOR MARTINS: I'll have to go back and look.

JAMES PARROTT: I can send you the link to the tape. It's actually in my testimony.

SENATOR MARTINS: Well, then, I will find it myself.

You know, it's a -- you mentioned that, again, going back to the $15 as a current rate based on past minimum wage in 1970, adjusted for inflation, and then, cost of living.

Cost of living, where?

JAMES PARROTT: So the cost of living in New York State, overall.

SENATOR MARTINS: In --

JAMES PARROTT: You know, in 2015 --

SENATOR MARTINS: As opposed to 1970?

JAMES PARROTT: Right.

-- if you adjust it, took the 1970 peak minimum wage in New York State, and adjusted it for the consumer price index, and for the higher cost of living, reflecting the change in the cost of living in New York since then, not just the consumer price index --

SENATOR MARTINS: No, I understand.

JAMES PARROTT: -- but a higher cost of living --

SENATOR MARTINS: But the cost of living in

Binghamton, in Buffalo, or in Manhattan?

Because I would assume that the cost of living has shifted differently in different parts of the state.

JAMES PARROTT: Right.

So this was a statewide number.

But when we -- but that was for 2015 also.

SENATOR MARTINS: I understand.

JAMES PARROTT: So, you know, by 2021, even if it was less than 15 in Binghamton, by 2021 it's very likely going to be at $15 or $16 level.

SENATOR MARTINS: All right. I appreciate that.

I will look the for that link. I appreciate you providing that as well in your testimony.

So, thank you.

Thank you both.

SENATOR SAVINO: I'm good.

SENATOR PERKINS: I'd just -- thank you for your testimony. It was kind of refreshing.

I'm sorry that I came so late, because it would have been nice to have interspersed, so to speak, with regard to some of the other testimony, because then it would be some sort of balance in terms of being able to use some of what you had to say, to ask some of those other folks that had a different point of view, and get some more -- sort of a different kind of dialogue.

And so -- but I think that -- you know, I want to thank you for being able to provide us with another point of view.

I would assume, if it can happen in Harlem, it can happen in other places as well, because the cost of living is -- you know, it's a challenge in there as well.

So -- and this is -- so thank you so much for your being patient, and providing us with such an insightful report.

SENATOR SAVINO: As always.

SENATOR PERKINS: As always.

SENATOR MARTINS: Gentlemen, thank you.

JAMES PARROTT: Thank you.

PAUL SONN: Thank you, Senator.

SENATOR MARTINS: We next have Michael Seereiter, president and CEO of the New York State Rehabilitation Association, and, Ann Hardiman, executive director for the New York State Association of Community and Residential Agencies.

Thank you both for your patience.

Thank you for being here.

MICHAEL SEEREITER: Thank you.

SENATOR MARTINS: And thank you for coming and representing such a critically important element of this discussion that oftentimes goes overlooked.

So, thank you.

MICHAEL SEEREITER: Thank you.

ANN HARDIMAN: Thank you.

I'm going to start, if you don't mind.

SENATOR MARTINS: Of course.

ANN HARDIMAN: And thanks for having us.

As organizations -- and NYSACRA represents agencies -- not-for-profit agencies all around the state, as does NYSRA.

MICHAEL SEEREITER: Correct.

ANN HARDIMAN: We've long advocated for increased funding for paid individuals that support people with disabilities, and we're really pleased that this discussion is happening.

It's been very interesting today.

I just want to say, though, that we feel direct-support professionals, people that work with people with disabilities, have been underpaid for some time.

And it really is representative in their wages, in the respect that that job sort of entails.

They love -- mostly, they love their work; often, have to leave to get a better job, to get paid better, and to make a living for their families.

But all of those wages are directly linked to public funding, to Medicaid. And, you know, it's -- in order for them to keep pace as the minimum wage perhaps goes up, we're going to have to have -- call on public funds to increase as well.

New York State law, Mental Hygiene Law, assigns the responsibility for those supports to individuals to New York State.

New York State contracts, or licenses, not-for-profit agencies. The bulk of services are with not-for-profit agencies, so the revenue is almost totally from those public sources.

We have a report that we attached and will leave if you don't have one at hand, but, over 90 percent of DD providers are funded by Medicaid.

So the challenges already exist.

Many of our members are already experiencing 15 to 20 percent recruitment and retention vacancies. As the economy improves, we're often challenged to hire enough workers, so we're already a bit in a disadvantaged place.

The workers, when there's vacancies, 1 in 5 people missing in a vacancy, there's either a person working overtime, or, a vacancy, and somebody's working harder. It's a very stressed workforce.

So, I think one of the other points I wanted to make, and I think that you brought it up, Senator, was that this is human beings. We can't automate as perhaps the fast-food industry can.

We really are talking about needing those workers.

I guess the other thing -- point I wanted to make is, that about 80 percent of the funding to any one not-for-profit agency goes to the direct-support professional staff.

And, as the fast-food -- we're already competing with that settled fast-food increase. We compete with that workforce.

So, we're experiencing that disadvantage.

And if the minimum wage goes up, which we would be happy to have it go up, if we were compensated by government.

And I'll let my co make his points.

MICHAEL SEEREITER: Thank you.

We've done some estimates on the costs associated with an increase in the minimum wage, according to what we've been talking about today, of the scale of the process that has been laid out by the Governor for fast-food workers and state workers, and now university workers.

That estimate is $1.7 billion for this field alone, the developmental-disabilities field.

That is a federal and state share of Medicaid.

That would be, one-half of that would be the State's responsibility, and the State would need to request, essentially, from the federal government, participation in the program at that level, going forward.

That --

SENATOR MARTINS: Or pick it up itself.

ANN HARDIMAN: That's correct, or pick it up itself entirely.

The -- that estimate is based on two primary areas, one of which is, that we can't afford to lose any ground with regard to a minimum wage, as it either stands now or as it increases.

As Ann was talking about before, we have, now, unsustainable levels of staff recruitment and retention challenges that place these organizations in an extremely compromised position to maintain quality services.

The starting wage for individuals in the developmental-disabilities field, ranges from $9.62 an hour to $10.78 an hour, depending on where you are throughout the state.

We, frankly, can't afford to lose any more -- any ground when it comes to that, given those issues associated with remaining competitive and attracting high-quality individuals to do the work.

The second issue has already been discussed by several people today, this issue of compression.

We have several layers of -- or, at least a couple of layers of management, if you will, that would be above those people who provide direct-support services.

Many of those individuals are not at $15 either.

Or, if they are at $15, we then need to be thinking about what takes place for those individuals, because it's simply unrealistic, from a management perspective, to expect people to do the same job, or to do different jobs, for the same rate of pay.

SENATOR MARTINS: The "$1.7 billion" figure, does it take into account the compression as well?

MICHAEL SEEREITER: Yes, it does.

SENATOR MARTINS: So it's direct salaries, as well as that factor?

MICHAEL SEEREITER: Correct.

SENATOR MARTINS: Okay.

ANN HARDIMAN: It's a commensurate increase.

MICHAEL SEEREITER: Correct. That would be over the course of an implementation period to get to a full $15.

SENATOR SAVINO: Michael, not to -- I don't mean to interrupt you, but has there been any discussion with the Division of Budget about what the effect of the $15 minimum wage would be on your agencies?

MICHAEL SEEREITER: Yes, we've been having extensive conversations with the administration around this, sharing the numbers that we've gotten, the estimates that they've been able to put together, about the estimated additional costs.

Because, as Ann was talking about before, these services are almost exclusively funded through Medicaid.

SENATOR SAVINO: Right.

MICHAEL SEEREITER: And without a requisite increase in that Medicaid rate, it simply becomes a major problem for these organizations that are so dependent on Medicaid as that primary source of revenue. There's no ability to go to a different source of revenue, to any significant degree, and offset that.

If it's insignificant, it very quickly gets to crisis situations.

SENATOR SAVINO: So what has been the response from the Division of Budget when you tell them that they need to put some more money on the table?

MICHAEL SEEREITER: We've been continuing to advocate for that. You know, they're going through that process.

ANN HARDIMAN: They're not sure where they'll get the money.

MICHAEL SEEREITER: Yeah, they're going through that process, to identify what they believe are those numbers.

We believe that that has been part of that conversation.

We hope it has.

We've certainly been advocating for that (unintelligible) nine months.

SENATOR MARTINS: Have you gotten a commitment?

MICHAEL SEEREITER: Pardon?

SENATOR MARTINS: Have you gotten a commitment?

MICHAEL SEEREITER: We've not gotten a commitment at this point, no.

SENATOR SAVINO: Very interesting.

MICHAEL SEEREITER: The situation that we have right now is one where we are unable to compete with the fast-food workers and others, and including the State of New York as it hires employees to do the same jobs, essentially --

SENATOR SAVINO: Yes.

MICHAEL SEEREITER: -- for a smaller portion of individuals with developmental disabilities.

SENATOR SAVINO: I looked up the difference between the salaries from the non-profit sector to the government side.

It's a significant difference in salary.

ANN HARDIMAN: 45 percent --

SENATOR SAVINO: Yes.

ANN HARDIMAN: -- or higher.

MICHAEL SEEREITER: Yes.

You're looking at costs, generally, that are about 1.5 times for the State of New York to provide those services, as compared to the community-based not-for-profit organizations that -- like we represent.

SENATOR SAVINO: Well, we like the higher salary rate.

ANN HARDIMAN: We do too.

SENATOR SAVINO: But -- and -- you know, I don't want to jump in on this, but I shared with Senator Martins yesterday -- I think it was yesterday, it seems like yesterday -- I started out as a caseworker 25 years ago, in working for the City and HRA and the Child Welfare Administration.

Now, a caseworker is a slightly higher position than, you know, home -- what do they call them now?

ANN HARDIMAN: Direct-support professionals.

MICHAEL SEEREITER: And developmental-disability (unintelligible).

SENATOR SAVINO: They change the titles all the time.

It's slightly higher, because you have to have a bachelor's degree as a minimum requirement for the job.

But I started out then, my initial annual salary was $24,676, which breaks down to, a 35-hour work week, $15.77 an hour.

The private, or the non-profit, social-service agencies that did the same thing -- Catholic Charity, Federation, Protestant Board -- they were always about $4,000 behind us.

And, generally, as the City would hire, you would get people who got training in the non-profit sector, and then they would seek a position working for the government agency because they got better pay and better benefits.

That gap has grown --

MICHAEL SEEREITER: Correct.

ANN HARDIMAN: Yes.

SENATOR SAVINO: -- to an extraordinary gap over the past 25 years.

MICHAEL SEEREITER: Correct.

SENATOR SAVINO: So, I think, and I'm going to end where I started this morning: We cannot have this conversation about raising the minimum wage across entire sectors, but then not acknowledging that we have underfunded and undervalued social services in this state for a very long time.

That has to be part of this discussion

because, if not, we're going to saddle you with unsustainable costs, and you won't be able to meet your mandate, which is to provide services to people in need.

MICHAEL SEEREITER: I respectfully -- I agree; however, it's less our mandate, and it is more the State Of New York's mandate, (a) --

SENATOR MARTINS: Right.

ANN HARDIMAN: -- (b) we won't be here.

SENATOR SAVINO: Right.

MICHAEL SEEREITER: Quite frankly, we will not be in business in a very short period of time.

These organizations will go bankrupt very quickly if a mandated minimum wage does not come along with the requisite increases in State funding in Medicaid rates.

This is one of the most paramount threats that I believe that this field, at least, has faced directly in a number of years.

And as a family member of an individual with a developmental disability, I am, frankly, feeling directly threatened by this, in terms of the welfare of my own -- my own brother.

ANN HARDIMAN: So I don't think those agencies will walk away very easily, though, because they're very committed. They will try, you know, they -- but it will be a slow, painful death to those agencies.

SENATOR MARTINS: No, no. Or a --

ANN HARDIMAN: Or a quick --

SENATOR MARTINS: -- or a valiant effort, and then a quick demise.

ANN HARDIMAN: Correct.

MICHAEL SEEREITER: Correct.

SENATOR MARTINS: Mr. Seereiter, have you calculated where along the increase, you know, we reach critical mass?

Because, frankly, I'm just assuming, but I -- again, I have to assume that the phase-in will be similar to what the Governor has proposed for other areas.

And, so, I'm assuming that you would -- also had the opportunity to review that phase-in. And, you know, it's not going to 15 immediately.

Is there a point in that first year?

Do you make it through the first year; do you get to the second year?

I mean, where is it?

MICHAEL SEEREITER: You're asking the same questions that Ann and I have been asking of our own members, anecdotally, now for a number of months, saying, How long are you going to be able to survive if "$15" is the number, and there's no money? How long? How long can we do that?

My guess, it's going to be -- it's going to vary -- obviously, vary from organization to organization.

Many of them were much more financially stable than they were -- than they are now, even just as a result of some of the activities we've been through for the past couple of years.

I think that we're in a very shaky place already.

Some will be able to sustain much longer.

Some will be able not to be able to sustain much longer.

My guess is, that the -- the -- if I had to put a number on it, off the top of my head, a hunch, I would guess we're in the -- within one year to start seeing that process, and it ramps up very quickly from there, in a second, in a third year, or two, unsustainable levels that -- I don't know how -- how we would continue to maintain our commitment to -- for the welfare of those individuals.

ANN HARDIMAN: But were you also asking where in the five-year, if we use that same period, the bulk of workers -- well, anyway, you know, the first year is not as significant a year of increases. But I think, by the third year, it's pretty all-in.

And we can share some of the numbers that we --

SENATOR MARTINS: My concern is this, and we've seen it, you know, in many ways, but certainly through group homes, and the ability to retain qualified individuals to be there. And, you know, the turnover rate is something that is unsustainable.

MICHAEL SEEREITER: Completely.

SENATOR MARTINS: Just as you train somebody to be able to do the job, and to be able to -- frankly, because we're not dealing with robots, we're dealing with individuals and human beings, and each one has their own personality, and each one has a different nature to their disability, they're gone.

For what?

To get an extra couple of bucks, working somewhere else in retail or somewhere else, because the pay is just not there.

And we've heard it time and time again.

So we have that facet of it.

And then we have the pressure.

And my concern is, because of the nature of your industries, that as you get squeezed by this mandate, that you will do as best you can, but that comes at the expense of --

ANN HARDIMAN: To the people and the families.

SENATOR MARTINS: -- the people and families who are being supervised --

ANN HARDIMAN: The quality will not --

SENATOR MARTINS: -- because you're going to hold on as long as you can, which means the supervision, then, will suffer as well.

So, we get it.

MICHAEL SEEREITER: Thank you.

SENATOR MARTINS: It is critically important that this be discussed, because it isn't just about businesses, and it isn't just about workers.

It's about this element of this discussion.

And, frankly, I can't thank you both enough for being here.

It really is --

ANN HARDIMAN: Thank you for including us.

We really appreciate it.

MICHAEL SEEREITER: Thank you.

SENATOR MARTINS: Thank you.

Thank you both.

And with that, that is our hearing for today.

For everyone who's here, thank you very much.

You can now clap.

[Applause.]

SENATOR MARTINS: Yes, thank you very much.

That's great.

Thank you.

It was very informative.

And, as the Governor rolls out his proposal, which I expect will happen next week, we will be back.

Thank you.

(Whereupon, at approximately 3:30 p.m., the public hearing held before the New York State Senate Standing Committee on Labor concluded, and adjourned.)

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