

**Testimony of the Hunger Action Network of New York State**  
**www.hungeractionnys.org**  
**To the Minimum Wage Board, New York State Department of Labor**  
**New York City, October 20, 2014**

My name is Mark Dunlea. I am the Executive Director of the Hunger Action Network of New York State. Hunger Action, started in 1982, is a statewide membership organization of direct food providers, advocates, faith groups and low-income individuals whose goal is to end hunger and its root causes, including poverty, in New York State.

Six years ago we submitted a petition signed by more than the 50 required workers under Section 653 to convene a minimum wage board to determine whether the minimum wage was adequate to adequately support workers and their families. It seems like the Labor Department takes as long to respond to such petitions as they do to wage theft cases.

Hunger Action Network is a strong supporter of an adequate minimum wage since more than 40% of emergency food guests are the working poor according to the US Conference of Mayors. The state's three thousand emergency food programs feed three million New Yorkers annually. Hunger Action Network supports a minimum wage of \$15 an hour.

We urge that minimum wage board to take their responsibility seriously to ensure an adequate wage for workers. We encourage you to not be limited by the meager increase approved by legislators, which is a subpoverty wage. We hope you will help workers by recommending an increase in the minimum wage (for all workers, not just food tip workers) to \$15 an hour or higher. This would still be less than the minimum wage, adjusted for inflation, sought by Dr. King 50 years ago during the March for Jobs and Freedom.

We urge that the Minimum Wage Board be honest in its assessment of the adequacy of wages provided to food tip workers. A July 2014 report issued today found that 41% of NYC restaurant workers are food insecure. Most food tip workers are women and the low wage for tip workers is a major factor in the higher rate of poverty for women. More than 20 percent of tipped restaurant workers live in poverty, three times the rate of the rest of the work force. The median age of tip workers is 31, a third are parents and nearly half are single mothers. The median hourly wage for restaurant servers is just \$8.92 per hour.

We also urge you to eliminate the subminimum wage for food tip workers by eliminating the tip credit. At the same time, we urge you to ensure that the businesses do not unlawfully deprive workers of the tips they earn. Many other groups such as the Restaurant Opportunity Center of NY, NYS NOW and Food Chain Workers Alliance are also calling for the elimination of the tip deduction (credit). Seven other states such as California and Washington already ensure that workers who receive tips also receive the full minimum wage.

Both restaurant sales and employment increase when the tipped minimum wage increases because workers stay at their jobs longer, their productivity increases, customer service improves and these workers can now afford to buy more meals out themselves.

The poverty rate among tipped workers is one-third lower in the states that have eliminated the sub-minimum wage for tip workers compared to states that haven't made the change. Among workers of color, the number in poverty in these seven states is one-half lower.

One of the reasons President Franklin D. Roosevelt created the minimum wage was that unemployment was so high he needed to put more money into the hands of working people, raising demand and thus increasing hiring by businesses to meet that demand. Economic studies over the last decade or so have not found a negative impact on employment from raising the wage, partially because the minimum wage is so low and the increases are so meager.

According to the National Employment Law Project, the most rigorous research shows little evidence of job reductions from a higher minimum wage. Indicative is a 2013 survey by the University of Chicago's Booth School of Business in which leading economists agreed by a nearly 4 to 1 margin that the benefits of raising and indexing the minimum wage outweigh the costs.

For instance, Paul Krugman, Princeton University, February 2013: "Now, you might argue that even if the current minimum wage seems low, raising it would cost jobs. But there's evidence on that question — lots and lots of evidence, because the minimum wage is one of the most studied issues in all of economics. U.S. experience, it turns out, offers many 'natural experiments' here, in which one state raises its minimum wage while others do not. And while there are dissenters, as there always are, the great preponderance of the evidence from these natural experiments points to little if any negative effect of minimum wage increases on employment.

A related problem is that many minimum-wage workers get money stolen out of every paycheck. The amount stolen annually in New York exceeds a billion dollars. The backlog of wage theft complaints with the state Department of Labor is more than 15,000. Workers can wait years for action. In the few cases where they are awarded back pay, they are often unable to collect.

A recent survey of fast food workers in NYC found that 84 percent reported that their employer had committed some form of wage theft over the previous year. Among workers in low-wage industries in New York, Chicago, and Los Angeles, during a single week, over two-thirds were victims of wage theft. A 2008 study by the National Employment Law Project estimated that the average low-wage worker loses 15 percent of his or her annual income to wage theft.

The labor law states that the Wage Board can take action to safeguard minimum wages. You should take such action.