

Minimum Wage Finally Increases After 10 Years; What Does This Mean for Workers?



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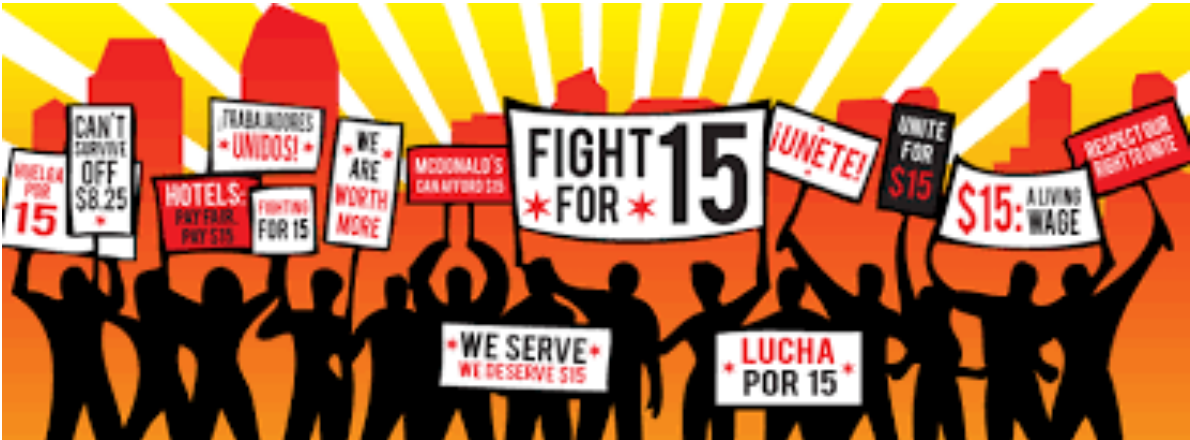
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Abstract

After a 10 year long wait for many minimum wage workers, on December 31, 2018, the hourly minimum wage finally increased to \$15.00, as many had hoped for. This has been a topic of interest because some argue it hinders job opportunities while others say it eases the livelihood of minimum wage workers. The purpose of the following study is to examine the effects of the minimum increase on the lives of the people. Interviews were conducted to a college professor and a store manager. It was evident that the minimum wage increase had both negative and positive influences. The results concluded show how the minimum wage increase effects financial stability for individuals and families.



Introduction

For many with lesser opportunities, hourly minimum wage is what Americans depend on to support themselves and their families. Residents within the NYC must use this wage to pay for housing. Minimum wage was created to support and stabilize workers in the labor force after an economic depression has occurred. Minimum wage jobs were created to protect the labor work force and create a standardized living condition. Minimum wage was as low as 25 cents when the concept of protecting workers come into play in 1938 by the Fair Labor Standards Act in the U.S. ("Minimum Wage in History", 2019) The act supported many families in American society for years. Those without careers or a proper educational background relied on minimum wage to properly sustain and support themselves. But the last increase was in 2009, when the wage raised from \$6.55 to \$7.25. As of December 31, 2018, minimum wage has been increased from \$7.25 to \$15.00 for employers.

Individuals who work these jobs, come from various ages, and backgrounds. From teenagers looking to gain an ounce of independence or responsibility, to adults who are trying to sustain themselves and their families financially. There are many ranges of workers, such as age, gender, education, marital status, race, and etc. (Bureau of Labor Statistics, 2018) Although workers received the \$15.00 minimum wage, this doesn't mean that people can now fully sustain themselves. Because of the cost of living, transportation, food, and any other amenities makes it difficult for people to depend on. New York's minimum wage is nearly able to cover the cost of living and keeping people out of poverty.

Over the years there has been very few changes or really no changes at all when the disputable issue of minimum wage comes to light. Until now minimum wage has been increased

to the standards that individuals want in order to sustain a decent life. With amenities and living expenses increasing, the \$7.25 wage isn't enough for people to support themselves. With campaigns and protesting, such as the Fight for 15 campaign was created in order to advocate for an increase in hourly minimum wages. Though not every worker in the NYC will be receiving a pay increase towards \$15.00 because depending on the size of the business, and the number of employees employed in those businesses. Businesses with less than 10 employees don't receive the increase. (Arnold, 2018)

The reasoning for this study on the minimum wage increase is to see the underlying effects that has come through with this change that was so heavily desired by many regarding only to those living in New York City. In the study, stakeholders were interviewed, and surveys were given regarding the positives and negatives that resulted for employees and employers. To find how the increase has been beneficial for some and nonbeneficial for others. In terms of how helpful the increase was, and how damaging it was. Finding the reasons why minimum wage hasn't increased for the past and what was the reasons for the increase and who was involved with the proceeding.

Literature Review

Minimum wage has been a reliability for many Americans. According to an article “Fair Labor Standards Act of 1938: Maximum Struggle for a Minimum Wage” written in 1978 by Jonathan Grossman published in the Department of Labor, since the creation of the Fair Labor Standards Act in 1938, it has established labor standards affecting part-time and full-time minimum wage workers in federal, state and local governments, as well as private sectors. This set the hourly minimum wage at 25 cents, and oppressed child labor. The wages have gradually increased over the years, appointed by different presidents. From the beginning at 25 cents an hour to the latest increase in 2009 of \$7.25, enacted by President Obama.

This was a start for Americans to start earning money legitimately, to try and support themselves. Since the last increase during Obama’s presidency, many Americans have been advocating for another increase overtime. As time changes in society, the value of money changes as well. Expenses of housing, transportation, healthcare, and any other amenities that are needed for sustainability in the U.S are increasing. As prices change, minimum wage should change as well. So many minimum wage employees have been advocating for an increase.

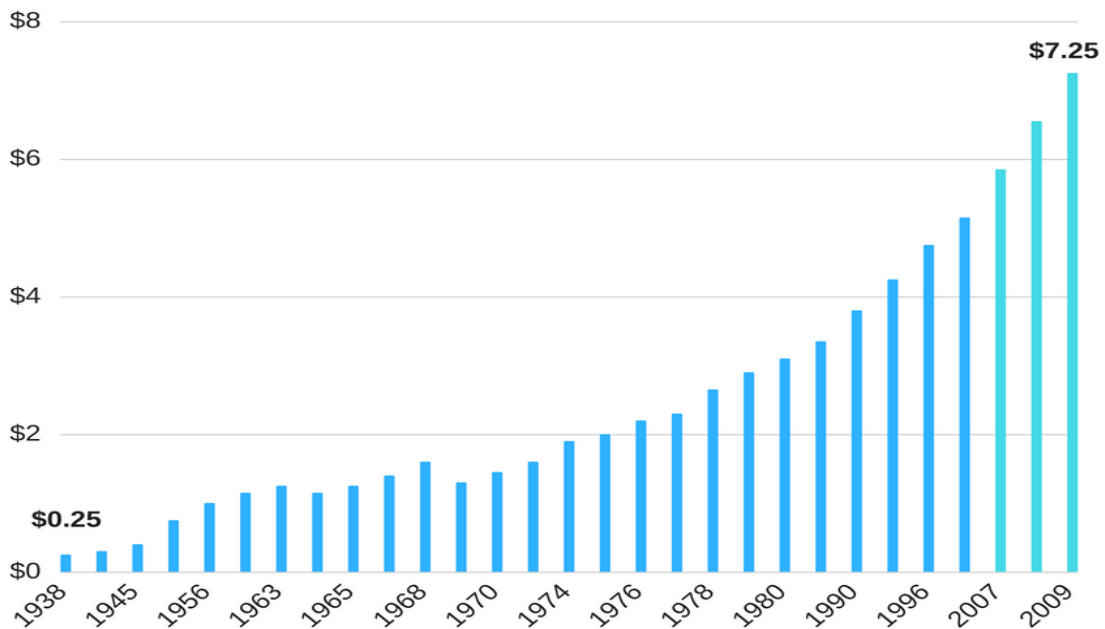
A The New York Times article, “A \$15 Wage Seemed Impossible. Now It’s Reality for a Million New Yorkers” written by Patrick McGeehan on Dec. 2018, discusses a few events with the most impact that had occurred in order to promote the minimum wage increase. It addresses the Fight for 15, which was a campaign created to advance the movement. At this time \$7.25 hadn’t been enough, the article discusses that families weren’t able to support their families properly with such a low amount of income. Public officials such as, Mayor De Blasio proposed that the minimum wage of NYC, to be raised to \$15.00 by 2019. Although Governor Andrew Cuomo wasn’t on board with raising the wage, but his mind changed after he was being

pressured from union and labor leaders, like members of the Service Employees International Union. As the wage began increases statewide to a collective \$15.00 hourly on December 31, 2019.

With the changes occurring to provide a substantial amount for hourly minimum wage, different parts of New York's economy differ. In a Democrat & Chronicle article "Minimum wage increases are coming: What it means for New Yorkers.", written by Chad Arnold, on Dec. 2019, it addresses the divide of the three regions in New York, New York City, Long Island and Westchester County. The increase will be affective at different rates depending on where employees are working depending on the business. Fast food businesses in NYC, of 11 or more workers were the first to receive the pay increase. Although other small businesses of 10 or less employees aren't receiving the increase. In Long Island and Westchester, there won't be any pay difference between large and small employers.

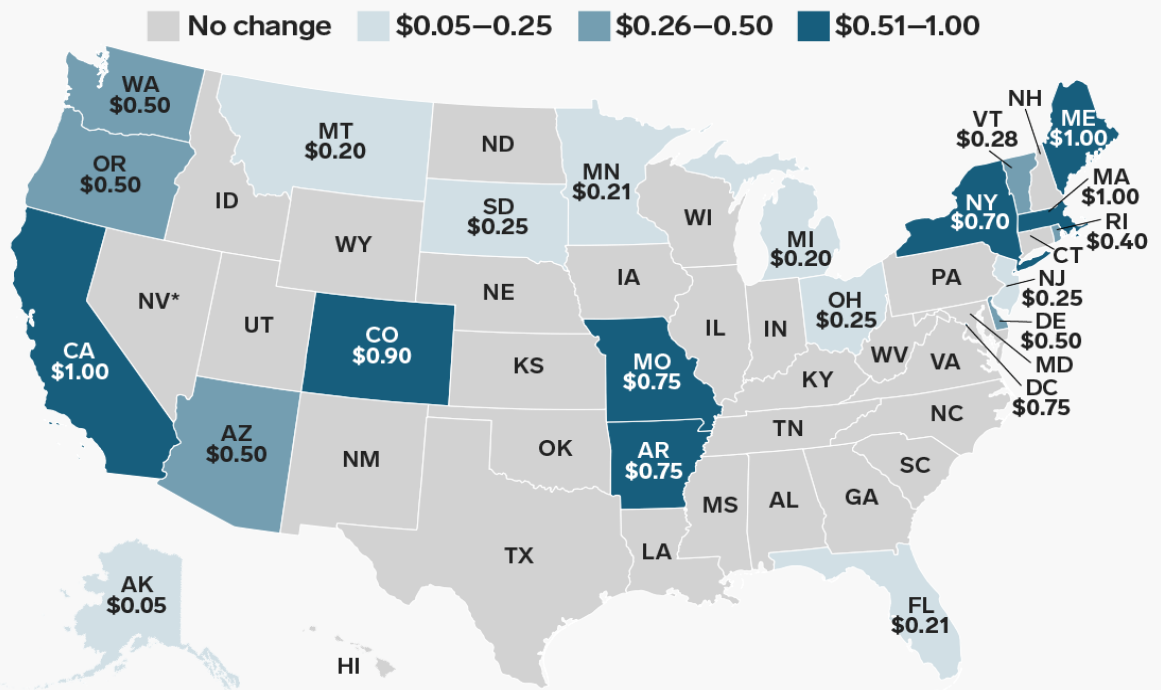
There is much debate when it comes to increasing the wage, because it could possibly harm the state's economy because of state taxes. A big problem with the increase means that some businesses might lay off workers so that they don't have to implement the \$15 hourly pay if there is less than 10 people employed. Also, the use of technology creates lesser jobs, as services are run by kiosks and update systems to improve efficiency and decrease the need for employees.

Federally Enforced Minimum Wage Rates



Data from the U.S. Department of Labor

Increase in state minimum wage in 2019



Methods

Participants

Interview Participants:

Email proposals for an interview about the minimum wage and its increase, were sent out to 3 people, 2 of those 3 were able to proceed with the interview, as the others were occupied or weren't able to respond. Interviewers were chosen for the expertise or knowledge of the minimum wage increase. The one interviewee is professor Matthew Nagler who is chair of the Department of Economics and Business at the City College of New York. And the other interview was with Susy Pena who is the manager at a Godiva Chocolatiers store at 33 Maiden Lane, New York, NY 10038.

Survey Participants:

Surveys were conducted where an influx of minimum wage employers would be located, such as fast food chains, department stores, restaurants or institutions that consisted of eleven or more employees. Employees were selected in NYC locations. Few participants was who was ever around at the time, for convenience. Employees from and afterschool program were approached at an elementary school in Queens, P.S 86. Employees from Godiva Chocolatiers on, and students at City College of New York's NAC Rotunda. Participants were selected based off of the new minimum increase in hourly wages that came into effect at the start of 2019.

Materials

The materials used for this field report were field notes. As well as a voice recording device to record the interview conducted.

Procedure

Interview Methods

The interview was face-to-face, semi-structured, the questions were clear and concise to get the most out of the interviewee and their responses. Few questions were opinion based, the individual could be able to bring his expertise, qualifications and mindset into the answers. A confirmation and scheduling made it possible to conduct the interview in a time which was appropriate and time efficient. The interviews took place in public locations, and was audio recorded for concise notes, after due permission was obtained. The interview consisted of six questions, that the interviewees could interpret and answer however they chose.

Survey Methods

Survey participants were chosen on a mixed basis of convenience and targeted sampling due to time and material limitations. The majority of the surveys were given to individuals who were asked if they had 2 minutes to spare to fill out the survey. The participants were approached and simply asked if they were min. wage workers, and if they had a few minutes to spare to fill out a survey regarding how individuals felt about the \$15.00 minimum wage increase. An abundance of individuals was approached, and 31 successful surveys were completed from these various locations. The survey consisted of six multiple choice questions and one open-ended question. Instructions for this survey were clear and concise. Surveys were administered at P.S 86, Godiva and at CCNY's NAC Rotunda on the 19th and 26th of April 2019.

Limitations

To improve the study even more there could have been additional tasks. The limitations allowed for only minimum wage employees. Regarding the interviews, more should have been conducted, even though few were asked, little responded, more individuals should have been asked to organize a meeting. With the use of more individuals and their qualifications on the topic of wages, it could have progressed the field report with more considerable details and information. Regarding to the areas surveys and interviews were conducted, expansion out of New York City would have made for more information on the topic and study. Although NYC was the only limit for this study. There was a lack of events to attend pertaining to the minimum wage increase, leading to no observations to be conducted.

Results

Survey Results

The results of the surveys give the study information about how individuals feel and how they are affected by the recent minimum wage increase. Many individuals were approached to participate in filling out the survey although 31 surveys were successfully completed.

Within the survey, question was a demographic one, asking the age range of the participant.

While question # 2-6 were multiple choice, and #7 was an open-ended question.

Question 2 asked participants for the area of work of the individual, the options were varied, retail, fast food chain, restaurant, caregiving, janitorial, and other. Out of the 31 who responded, retail was 14, fast food was 3, restaurant, was 4, caregiving was 4, janitorial was 0, and other was 6.

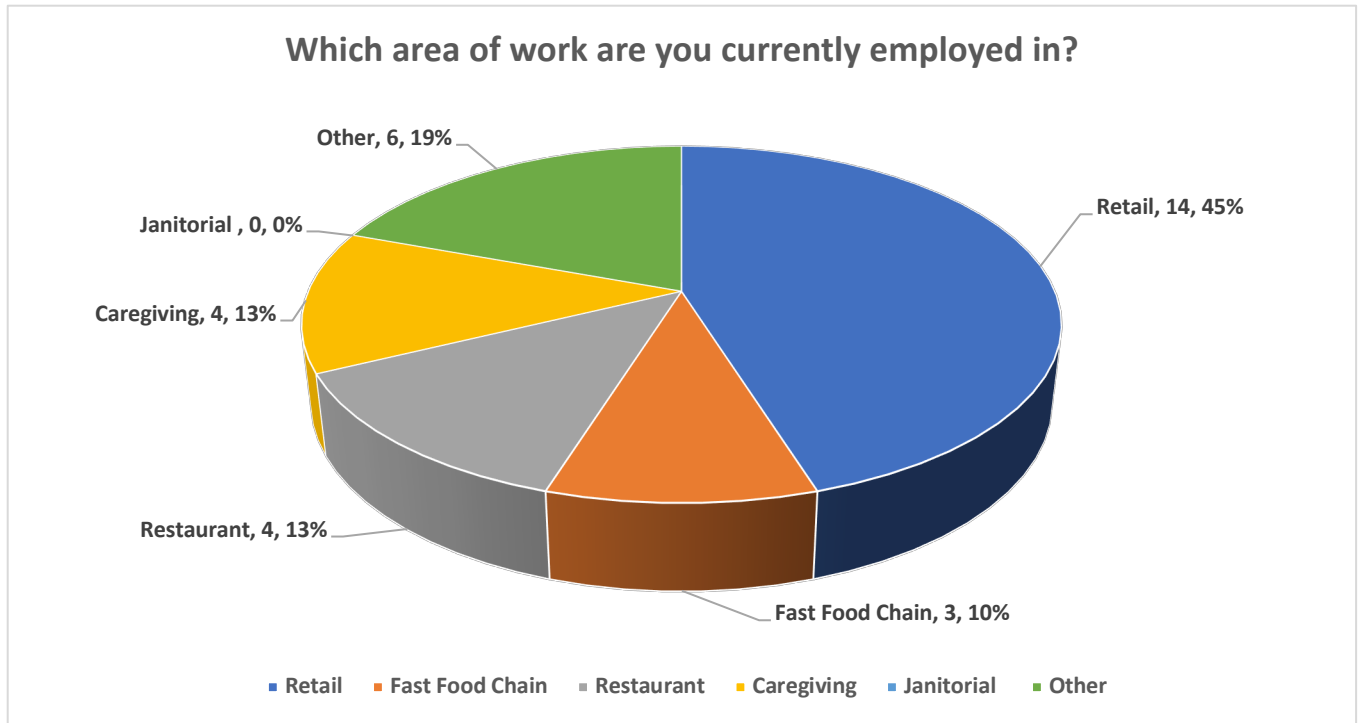


Figure 1

Question 3 asked if individuals hourly wage increased to \$15.00, the options were yes, and or no. 22 participants responded yes and 9 responded no.



Figure 2: Yes = wage has increased, No= wage has not increased

Question 4 asked how many hours the individuals approximately work per week. The survey options were 10-20 hours, 21-30 hours, 31-40 hours and 40+ hours. The responses from the 31 individuals

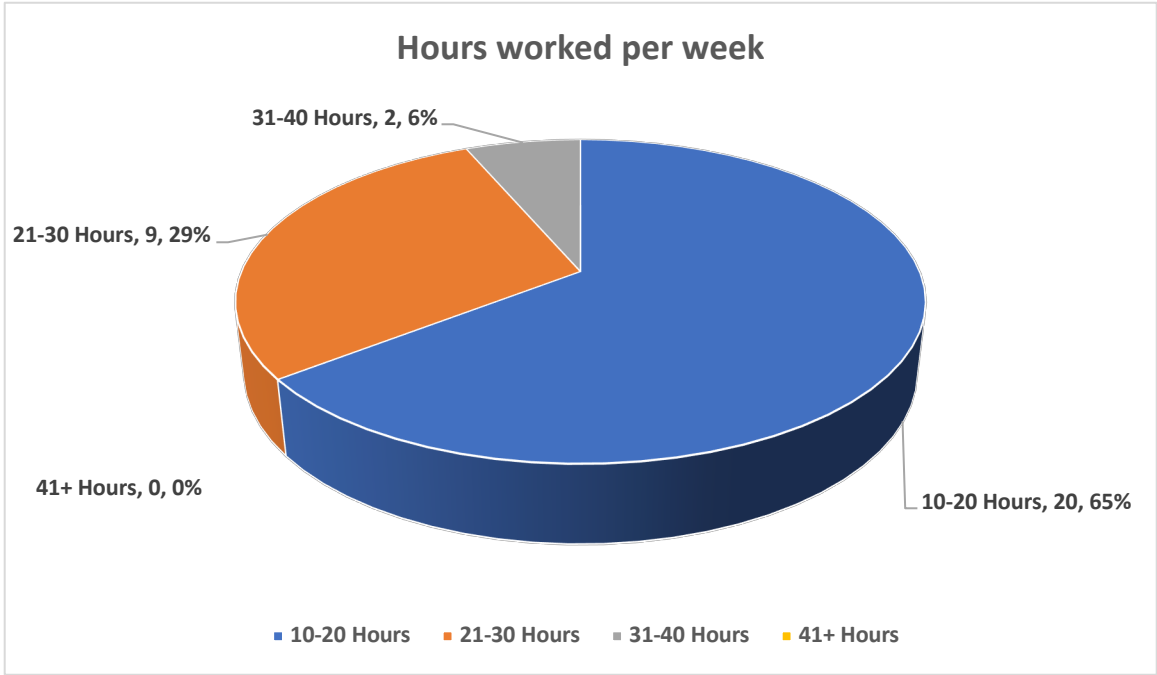


Figure 3

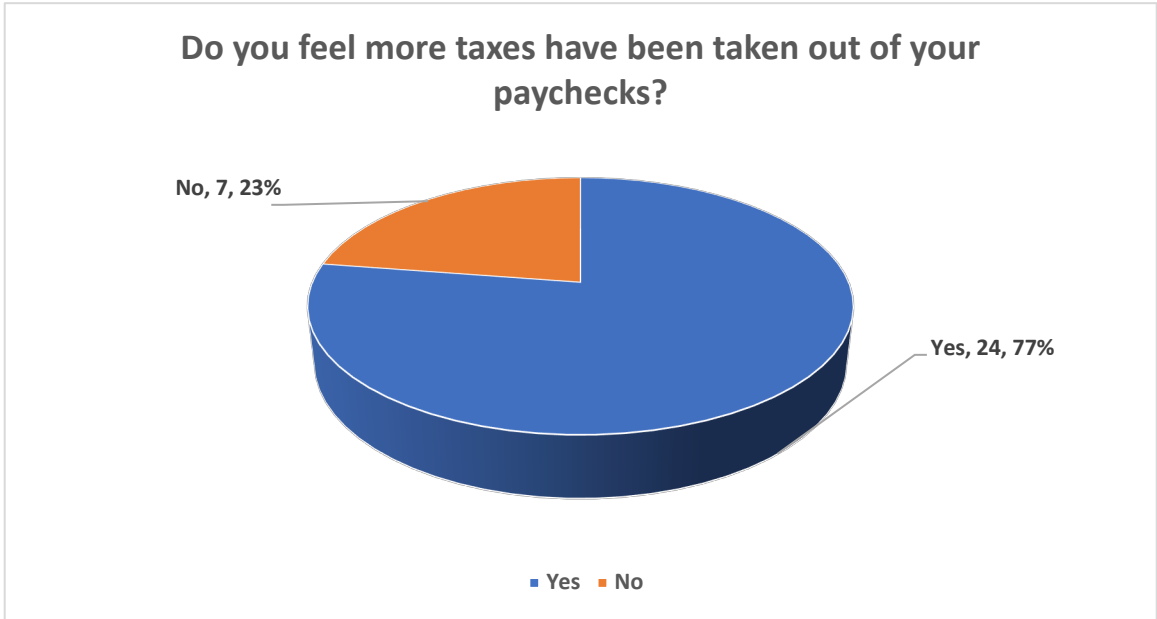


Figure 4: Yes= more taxes have been taken out, No= more taxes have not been taken out

For question 6 individuals were asked on a scale of 1-5 how satisfied were they with their current monthly earnings from these minimum wage jobs. The scaling system meaning 1 and 2 being dissatisfied, 3 being neutral, 4 and 5 being satisfied. The response was 7 satisfied, 7 dissatisfied and 17 neutral.

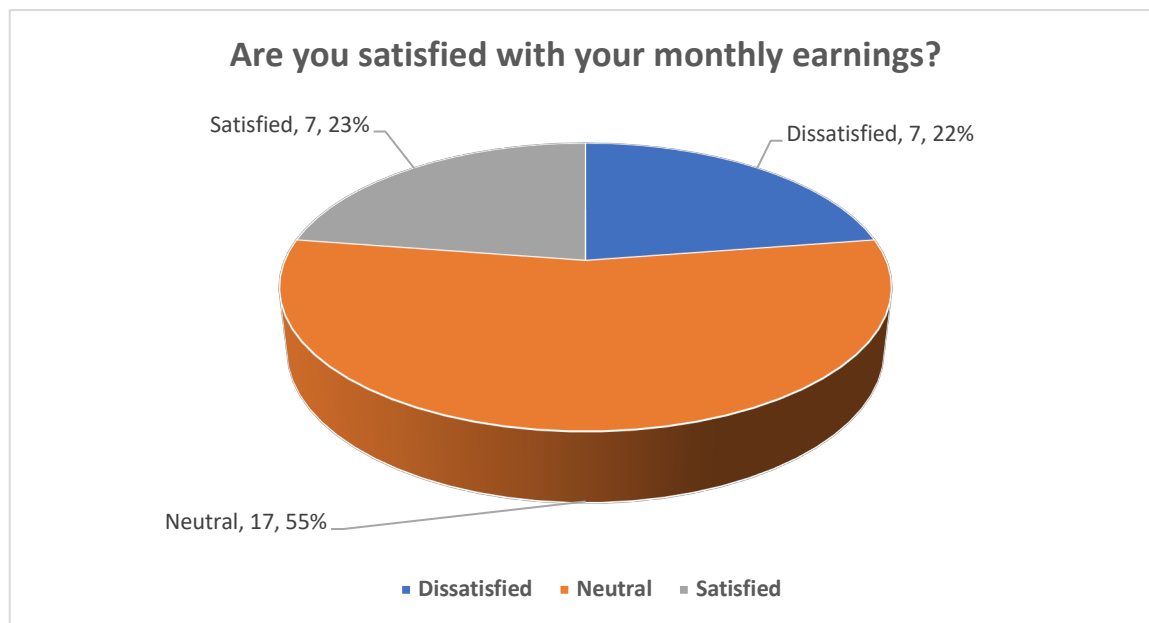


Figure 4: Satisfied= 4 or 5 rating, Neutral= 3 rating, Dissatisfied= 1 or 2 rating

Interview Results

CCNY Economics Department Dean, Matthew Nagler

The following questions were asked:

1. Have you studied the minimum wage in the past in your capacity as an economist?
2. Do you think it [the minimum wage] should be \$15, or should it perhaps be lower?
3. Do you think that in general firms are able to depress wages because people working at the minimum wages are unable to search for better conditions? (this question pertains to monopsony)

4. Do you think that, at this point, it isn't the right time to make judgements about how this might affect a particular group or industry?
5. How do you think the climate has changed around them [minimum wage laws]? And is this something that economists as well as politicians and activists share a part in?
6. If you would take a guess about how people might think about this [the minimum wage] in the future, how might that be?

Responding to Question 1, Professor Nagler responded that he had not studied the minimum wage as part of any official research but that he was familiar with it and the connected issues. He added that the economics surrounding the minimum wage was something you might learn in an introductory course.

Responding to Question 2, Professor Nagler first explained the labor market in the form of the supply and demand model before then answering the question by distinguishing between normative and positive economics. Normative being answers to what "should" or "ought" to be done in economic policy while positive economics is merely devoted to discerning what the dynamics of the economy are. Most notably, Nagler expressed his opinion that wages are more social than strictly determined by supply and demand. Saying, that if pressures in society and law encourage the wage to be a certain level, firms will start providing wages at it regardless of supply and demand.

Responding to Question 5, Professor Nagler stated that he believed concern for inequality had made economists much more receptive to minimum wage policy. Nagler noted that inequality has been increasing for a very long time and that this concern has gradually begun to influence economic thought (giving economist Thomas Piketty as an example).

Interview with Susy Peña who is the manager at Godiva Chocolatiers on 33 Maiden Ln, New York, NY 10038

Below are the questions asked in the interview:

1. How long have you been manager for Godiva?
2. What are your thoughts on the attention the new minimum wage has received?
3. Do you believe the increase in minimum wage will eliminate certain jobs?
4. How much do you think it is going to improve workers' livelihood? And would you include yourself in the category?
5. The minimum wage increase will not apply in all of New York. Do you think that's a problem?

Below are Ms. Peña's responses:

I have been manager for 15 years. It is very important that a topic like this receives as much coverage as possible. The lives of many people are being affected. The more people informed about this, the greater the impact. It will definitely have major effects on job availability. Corporations will want to reduce the amount of workers, or at least the amount of hours the workers receive. My budget for payroll has decreased. Everything has an effect on the components of a company. The prices are going up and people are buying less. When people buy less, there is less money going to the company and that affects how much they are willing to give for payroll. It will have a major influence on workers' livelihood. People will be able to afford things they couldn't afford before. This will make people happier because they can offer their families more. I have a set salary and the minimum wage increase has not affected me. I do believe it is a problem, but it mainly depends on the area and the living costs. It's understandable why NYC received a wage increase, living here is super expensive.

Discussion

This study of the recent minimum wage increase to \$15.00 has concluded some of the benefits and disadvantages upon individuals. The results concluded show that the minimum wage increase doesn't allow for enough financial stability for individuals and families

Through articles and surveys, it shows that because of the minimum wage increase only affecting employees in businesses of 10 or more workers, that less jobs are created. Since employers don't want to increase their wages to workers. Pertaining to pricing of products, such as fast food changes, the prices of items will start to increase to make up for the labor costs. Raising the minimum wage doesn't reduce poverty rate in America. The increase can reduce employment as businesses are looking for more skilled individuals to hire. Even when minimum wage jobs were created to support those living in poverty who have a least amount of skills.

The articles supported my first initial ideas of the increase. Although the minimum wage increased only occurred a few months ago on December, there hasn't been much results of how it helps or doesn't help as much.

The survey results show that individuals aren't necessarily that happy with the increase as if it still isn't enough to support themselves. The minimum wage isn't satisfactory for some individuals. And with the increase it allows for more amounts of taxes to be taken out of their paychecks. Although it was found that those who's minimum wages hadn't increased to \$15.00 said that they were somewhat satisfied with their monthly earnings. It's believed that hourly minimum wage workers are not fully satisfied with the recent increase because the increase doesn't reflect to them, meaning not everyone in NYC has had the increase because they are employed in businesses of 10 or less employees.

The limitations of this survey didn't allow for a vast majority of people to be interviewed and surveyed as well as the study only pertained to individuals who were most convenient and in New York City. These limitations restricted for more information and opinions to be obtained and gathered. This more information was gathered it would have affected the overall outcome, or possible stayed the same because everyone surveyed had the same kinds of opinions towards the minimum wage and its recent increase.

Some thoughts that should be asked is for future references when pertaining to more study of the increase is, will the minimum wage keep increasing over the years? When would be the last wage increase? At what amount will employers be happy with their pay?

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