Raising the Minimum Wage:

The Impact on Women, People of Color, and Immigrants in Western New York

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Executive Summary

The United States and Western New York are experiencing the most inflation that they have seen in forty years. Costs have increased rapidly in almost every industry. Groceries have become more expensive, gas prices have been soaring, and more people have found it difficult to pay their rent or mortgage. Meanwhile, workers continue to increase their productivity without seeing their wages increase correspondingly.

The New York State Legislature is weighing legislation to raise the minimum wage and index it to inflation and worker productivity. In this brief, we examine the impact of such legislation in terms of bringing workers in Western New York closer to a living wage, which is the hourly wage sufficient to meet basic needs such as housing, food, childcare, transportation, and medical expenses. We focus on women, people of color, and immigrants – three groups that have high concentrations of workers in low-wage industries and are disproportionally affected by poverty. These groups also face higher costs of living due to long histories of discrimination, segregation, and exploitation.

We find that in the five-county Western New York Labor Market Region, which includes Allegany, Cattaraugus, Chautauqua, Erie, and Niagara Counties:⁴

- The median *living wage* for a parent with one child is \$31.54 per hour more than twice the current *minimum wage* for Western New York, which is \$14.20 per hour.⁵
- Women have a 39.6 percent chance of earning a living wage, compared to 44.8 percent for men.⁶
- Workers of color have a 26.3 percent chance of earning a living wage, compared to 45.5 percent for white workers.⁷
- Foreign-born residents have a 30 percent chance of earning a living wage, compared to 43.3 percent for U.S.-born residents.⁸

We conclude that the legislative proposal to raise New York's minimum wage gradually to \$20 by 2026 in upstate New York, catch it up to the statewide rate by 2027, and adjust it each year to keep pace with rising prices and worker productivity growth would go a long way towards moving pay in Western New York closer to a living wage – with tremendous benefits for women workers, workers of color, and foreign-born workers.

Proposed Legislation to Raise New York's Minimum Wage

In the 2023 legislative session, New York State will be considering a bill to raise the minimum wage in five gradual stages. In New York City and its suburbs, the rate would rise from \$15 per hour to \$17.25 in 2024 and eventually up to \$21.25 in 2026, at which point it would start being adjusted each year based on an index of inflation and worker productivity. In upstate New York, the rate would rise from \$14.20 per hour to \$16 per hour in 2024, \$18 in 2025, \$20 in 2026, and \$21.25 plus adjustments to keep pace with the rising cost of living and worker productivity gains in 2027.





Introduction

Over 2.6 million people in New York State live below the poverty line. Perhaps even more revealing, a New York worker has only a 39.1 percent chance of earning the living wage associated with their geographic location and household circumstances (e.g., number of children and working adults in the house). In this context, a living wage is the wage that would allow a worker to meet basic living expenses for their household. If the worker is a single parent with children, they have only a 14.2 percent chance of earning at this level.

Additional data reinforce this picture. For the five-year period from 2016 to 2020, 22.4 percent of New York workers earned below \$15 an hour.¹¹ While that picture improved with the state's increases in the minimum wage, those increases stopped in 2018, leaving wages frozen.

One drawback to New York's current minimum wage law is that wages have remained stagnant while inflation has continued to rise drastically. For example, the National Employment Law Project calculates that the value of New York City's \$15 minimum wage has decreased by 15 percent since it was implemented, and it is projected to fall by more than 30 percent by 2026. 12 It is reasonable to assume that similar downward pressure on the purchasing power of minimum wage earners will occur upstate.

A second problem is that low-wage workers have steadily increased their productivity, thus raising profits for their employers, but, for the most part, workers have not shared in those gains. By indexing the minimum wage to inflation and productivity, New York can establish a policy that meets with most residents' basic notions of fairness. Polls reveal that, of New York voters, 81 percent support raising and indexing the minimum wage for inflation and productivity, including 77 percent of Western New York voters. In addition, 71 percent of New Yorkers who responded to the 2022 Cornell University Empire State Poll agreed that the statewide minimum wage "should be sufficient to enable a full-time worker to afford essential needs for the worker and one child." The table below shows 2022 levels for such wages, from the MIT Living Wage Calculator, for the five-county Western New York Labor Market Region.

Women, people of color, and immigrants have been disproportionally hurt by low minimum wages, and, so, raising and indexing the minimum wage will make a substantial improvement in New York's extremely inequitable economy. According to an analysis by the Economic Policy Institute, the proposed legislation would lead to raises of more than \$3,300 a year for nearly 3 million workers state-wide, including 1.7 million workers of color and 1.6 million women.

What Is a Living Wage?

To calculate living wage amounts, we have used the MIT Living Wage Calculator, which tabulates the costs of basic expenses in different geographic regions and then indicates the hourly wage needed to meet those expenses, depending on family composition.

Note that these figures differ from the rates set by local living wage laws, which typically require local governments and certain employers who contract with them to pay a rate higher than minimum wage.

A Better Way to Index

The best practice in indexing wages is to consider both inflation and productivity. New York State's Division of the Budget and Department of Labor are already using just such an index as they adjust upstate New York's minimum wage —which under the state's current law must rise each year until it reaches \$15. This approach has resulted in moderate increases in the upstate wage of 70 cents in 2022 and will result in a \$1.00 increase in 2023.

Niagara Buffalo Erie Chautauqua Cattaraugus Allegany

WESTERN NEW YORK LABOR MARKET REGION

LIVING WAGES FOR THE WESTERN NEW YORK LABOR MARKET REGION 18

Western New York Counties	2022 Living Wage (One parent, one child)
Allegany	\$31.44
Cattaraugus	\$31.44
Chautauqua	\$31.54
Erie	\$33.90
Niagara	\$32.89

Low-Wage Work in Western New York

In 2018 the Partnership for the Public Good reported that roughly one third of the jobs in Buffalo-Niagara – the major metropolitan region in the Western New York Labor Market Region – were in occupations where the median wage was less than \$15 per hour, such as food servers, retail salespeople, cashiers, personal care aides, receptionists, janitors, teacher assistants, nursing assistants, home health aides, and security guards. For the city of Buffalo, more than two out of every five earners effectively earned below \$15 per hour between 2015 and 2019. At the broader Labor Market Region scale, Census data from the Cornell ILR Wage Atlas show

In the City of Buffalo, more than two out of five workers earned less than \$15 per hour between 2015 and 2019.

that 52.5 percent of Accommodation and Food Services workers earn less than their living wage.²⁰ In Retail Services, 45.1 percent of workers earn less than their living wage.

These low wages have a clear detrimental effect on the region's workers and the community at large. For example, 55 percent of households in the city of Buffalo cannot afford their rent.²¹ Of course, struggles with paying rent are bad for the renting households, placing them at risk of eviction, or of skimping on food or medicine to pay the rent. But unaffordable rental housing is also bad for the landlords who own the buildings, the banks who hold the mortgages, and the neighborhoods that suffer from high rates of mobility as tenants churn in and out of places they cannot afford. Similar impacts from low wages are felt in every area of life: education, public safety, health, and more. We turn now to examine those impacts on women, people of color, and immigrants.

Impact on Women

Due to centuries of sexism, women earn less for their work and bear disproportionate costs and expenses. In the United States, women are 30 percent more likely to live below poverty than men. Women work disproportionately in the low-wage service sector — in occupations such as personal care, healthcare support, daycare, and retail — and often they receive less pay for working the same jobs as men. For example, in the Western New York Labor Market Region, the largest industry by number of workers is Health Care and Social Assistance. Women dominate this industry, with nearly four out of every five Health Care and Social Assistance workers identifying as women (77 percent). However, the median effective hourly wage for female workers in this industry, across all jobs, is more than \$3 per hour lower (\$22.54) than the median for men (\$23.02) in the same industry.

Women with children face especially severe challenges. Nationally, 30 percent of single mothers are living in poverty, compared to only 17 percent of single fathers.²⁴ Seventy-five percent of single mothers do not have enough income to meet their families' basic monthly expenses.²⁵

Women in the Western New York region have only a 39.6 percent chance of earning a living wage – one that allows them to meet the basic costs of living – compared to 44.8 percent for men.²⁶ Women of color have an even lower probability – a 25.6 percent chance.²⁷ And, for women of color who are single parents, the probability of earning a living wage in Western New York is just 6.4 percent.²⁸

Childcare is a good example of an expense borne largely by women. In Erie County, center-based childcare for one infant costed \$12,792 per year as of 2015.²⁹ That figure is doubtless higher today, as the prices for child-

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care have risen dramatically in recent years. While prices for all goods and services increased 76 percent from 2000 to 2021, the prices for daycare and preschool rose by almost 120 percent.³⁰ A worker earning the current minimum wage of \$14.20 makes only \$28,400 per year for a full-time work schedule. Thus, child care for one infant would demand roughly half of a year's wages, leaving a completely inadequate sum for rent, utilities, food, and other necessities.

Unfortunately, New York has been ranked number four for states with the most expensive infant care, making it particularly important for the state to raise the wages of working parents.³¹ Increasing the minimum wage would make it easier for working families to afford childcare, while perhaps also allowing people more time outside of work to be with their families, reducing the amount of childcare required.

Further, increases in minimum wage can help to improve infant health and reduce teenage pregnancy.³² Improvements to infant health would reduce the need for more expensive, specialty childcare for children with health issues. This particular benefit alleviates some of these childcare costs as well as medical costs that parents may face. A decrease in the rate of teenage pregnancy would also allow many women to work and care for themselves without relying on expensive childcare at a young age.

Impact on People of Color

People of color have a 26.3 percent chance of earning a living wage in the Western New York region, compared to a 45.5 percent for white workers.³³ Relative to other regions, Western New York suffers from particularly sharp racial disparities in income and wealth. For example, in Erie County, white poverty is about 9 percent, whereas for Black, Asian-American, and Hispanic or Latinx people, poverty is roughly 30 percent or greater.³⁴

The average annual income of people of color in the Buffalo Niagara region has actually declined since 2000.³⁵ Like women, people of color are heavily concentrated in low-wage, service sector jobs, and, like women, they tend to get paid less for work in the same occupations. Thus, in Erie County, Black workers earn 74 cents, and Hispanic or Latinx workers 73 cents, for each dollar earned by white workers.³⁶

Segregation exacerbates and perpetuates these inequities, reducing incomes and raising expenses. Unfortunately, Buffalo-Niagara has unusually high rates of segregation by race and income. These two types of segregation overlap and reinforce one another, with devastating consequences for people of color. In neighborhoods with poverty rates of at least 20 percent, more than half the residents are persons of color.³⁷ Of persons living where the poverty rate is over 40 percent, nine out of ten live in neighborhoods of color.³⁸

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In Erie County, the poverty rates for people of color are more than three times as high as those for whites.

People of color living in highly segregated areas lack good access to higher-paying jobs, which tend to be clustered in suburban locations, typically inaccessible by public transit.³⁹ The lack of transit options disproportionately impacts people of color; for example, in the city of Buffalo, 21 percent of Black, 15 percent of Hispanic or Latinx, and 26 percent of Asian and Pacific Islander workers commute by public transit, compared to just five percent of white workers.⁴⁰

In addition, people living in segregation often must pay above-market prices for rent, food, insurance, credit, and other basic expenses. For example, decades of housing discrimination have resulted in low rates of homeownership for people of color, which deprives them of a wealth-building asset while also increasing monthly expenses. In a 2020 study of tenant exploitation in Erie County, researchers found that renters pay as much as 15.5 percent more than owner-occupants for similar one- and two-family housing units.⁴¹

As a result, the median living wage for a single parent household in Buffalo living east of Main Street is \$44.15 per hour, while the corresponding wage for Erie County as a whole is nearly \$10 lower, at \$34.34 per hour. 42 Raising the minimum wage will enable workers of color to better afford their expenses, thereby reducing poverty and segregation and leading to a more equitable region.

Impact on Immigrants, and Refugees

Although Western New York is a region shaped and built by waves of immigrants from around the world, when manufacturing jobs began their dramatic shrinkage, in-migration to the region collapsed. In recent years, however, refugee resettlement has altered that picture. Since 2000, six percent of refugees to the United States have ended up in New York, and of that number, more than 90 percent have settled in upstate New York. ⁴³ Buffalo is ranked number 13 of the top 50 areas in the nation for refugee resettlement. ⁴⁴ Refugees and other recent immigrants are responsible for Buffalo's first decade-over-decade population increase in seventy years. The percent of the Western New York Labor Market Region's population that is foreign-born climbed from, respectively, 5.7 percent (City) and 5.0 percent (region) circa 2010 to 10.6 percent and 5.8 percent circa 2021. ⁴⁵

Refugees, by definition, arrive in this country without resources – fleeing war, persecution, or disaster in their home countries. Not surprisingly, the John R. Oishei Foundation reported in 2017 that, of 12,300 refugees who had settled in Buffalo-Niagara in the previous five years, 25 percent were living in poverty, and another 42 percent were living near poverty.⁴⁶

Not only refugees, but many other immigrants face discrimination and other forms of inequity in trying to find well-paying jobs. Many immi-

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Buffalo is ranked number 13 of the top 50 areas in the nation for refugee resettlement. grants who worked high-skilled jobs in their home countries can find only low-wage work in the United States. In Western New York, high percentages of foreign-born workers are in occupations such as cashiers, maids and housekeeping cleaners, and laborers. Currently, for all foreign-born residents of Buffalo-Niagara, 24.8 percent are living in poverty, compared to 12.3 percent of persons who were born in the United States. Just 30 percent of foreign-born residents in the region earn a living wage, compared to 43.3 percent of U.S.-born residents.⁴⁷ Raising the minimum wage will have a major impact on refugee and immigrant communities, improving their quality of life and speeding their journeys toward self-sufficiency and prosperity.

Conclusion

Currently in the Western New York Labor Market Region, 68 percent of all workers earn less than \$31.54 per hour, 48 the five-county median living wage for a parent with one child. 49 By 2024, we can expect the living wage figures to rise with inflation to around \$33.00 for a parent with one child. The legislation being considered by New York State would increase the minimum wage in the region to \$16 per hour in 2024 and then by steps up to \$21.25 plus cost of living and worker productivity adjustments by 2027. While this minimum wage would still be well below a living wage for many workers, it would make a substantial impact on the ability of low-wage workers to afford the basic necessities of life. It would make a large difference in Western New York, especially for workers who, due to a long history of discrimination, are disproportionately concentrated in low-wage jobs – including women, people of color, and immigrants.

Raising wages also has many beneficial collateral effects for the workers and their communities. With higher wages, workers gain access to better childcare, healthcare, educational services, and opportunities to connect with their communities. Further, an increased minimum wage would ease some of the strain that is placed on public assistance programs. National research indicates that 66.6 percent of those who receive public assistance work, and 46.9 percent work full time.⁵⁰ Increases in the minimum wage would reduce the number of people relying on food stamps and other assistance programs significantly, thus reducing governmental costs and saving taxpayer money.⁵¹ Raising the minimum wage will make Western New York more just, equitable, and prosperous.

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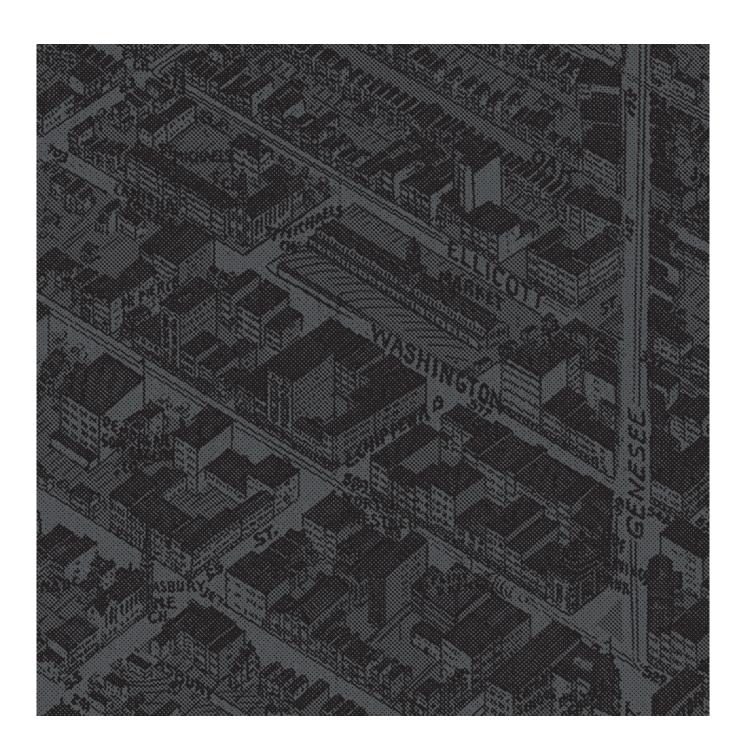
Endnotes

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