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Written Testimony in Support of Gov. Cuomo's Proposal to Raise Wages to \$15 Statewide

Joint Legislative Public Hearing on the 2016-2017 Executive Budget Proposal, Topic of "Workforce Development"

February 3, 2016

Sen. Catharine Young and members of the Senate and Assembly committees represented here today:

My name is Phil Andrew and I am the President of the Long Island African American Chamber of Commerce. We are a business organization that represents several hundred African-American owned businesses throughout Long Island and New York City. I am delighted to submit this testimony in support of Gov. Andrew Cuomo's proposal for a gradual increase in the state's minimum wage to \$15 per hour by 2018 in New York City, and by 2021 in the rest of the state.

The Long Island African American Chamber of Commerce, Inc. one of the first, largest and fastest growing regional African American Chamber of Commerce of its kind, serving four Counties in New York State, which include Kings, Queens, Nassau, and Suffolk Counties. We are geared to become one of the largest African American Chambers of Commerce in the Empire State. Our organization is comprised of a variety of businesses, from small to medium and large business owners. Our members operate in the retail, restaurant, construction, and professional services industries, and they care about quality of life issues such as wage increases to include living wages, MWBE Utilization, access to capital, technical assistance, and the role of advocacy that the chamber undertakes to ensure responsive government on behalf of small businesses.

The minimum wage is important to us because with a strong minimum wage of \$15, not only do workers benefit, but so will the Long Island and New York City economies where our members operate. Needless to say, the health of local economies has a direct effect on our members' bottom lines.

While some large corporations operate business models that heavily rely on paying poverty wages, our members seek to build businesses that benefit workers and employers alike. They do so, not out of altruism, but based on experience that shows that low wages are bad not only for workers but also for businesses. Low wages can be very costly to employers who face high turnover from workers leaving to

seek jobs that pay more. Each time a worker leaves, the employer must spend time and money recruiting and training a new worker. The cost of replacing a single worker can run into the thousands of dollars—an estimate for the fast food industry, for example, puts the costs at \$4,700 each time a worker moves on in search of better opportunities. The costs can be even greater where high turnover undermines service and product quality, hurting sales.

Our members know this from experience, and understand the benefits of higher wages to their bottom lines. They know that keeping talented employees can save them money because better paid workers are also more productive. Good pay gives workers a stake in the profitability and success of the businesses that employ them. Good pay also allows our next generation of youth to remain in the state, adequate pay is a significant factor in our most significant resource young people staying in the region.

As alluded to earlier, we believe that living wages are good for businesses because they build a strong local economy. Our members' employees are not only workers, but also consumers. But workers can only spend as much as they earn. When wages are increased to \$15, as the Governor has proposed, workers will have \$4,800 more each year, according to a recent estimate. They can use the additional money to pay rent, buy the basics from local businesses, and even treat themselves and their families to small luxuries, such as a modest meal at a restaurant or an extra pair of shoes for their children. This increased spending on basics and small luxuries can translate to more sales and higher profits for our members. This is especially important for our members doing business in Long Island's low-income neighborhoods. For them, a significant minimum wage increase brings significant new spending to their businesses and communities, allowing them to thrive and grow.

While some business groups may raise concerns about a significant minimum wage boost, we believe that Gov. Cuomo's proposal will be manageably absorbed and ultimately beneficial for employers and the state's economy. The phase-in of the \$15 minimum wage by 2018 in New York City and by 2021 in the rest of the state gives businesses a reasonable amount of time to adjust. The shorter phase-in for the state's largest city and the longer adjustment period for suburban and Upstate businesses will provide time for businesses throughout the state to adapt to higher wages.

Thank you for taking the time to consider this testimony.

Sincerely,

Phil Andrew, President
Long Island African American Chamber of Commerce