GOVERNOR'S PROGRAM BILL

MEMORANDUM

An act to amend the labor law and the public health law in relation to refining the off-ramp methodology for minimum wage adjustments

Purpose:

This bill would refine the methodology related to establishing the adjusted minimum wage and home care minimum wage rates for 2027.

Summary of Provisions:

Section 1 of this bill would amend Labor Law Section 652(1-b)(d) to refine the off-ramp methodology related to seasonally adjusted, total non-farm employment to make it less sensitive to nominal changes in employment. The refined methodology would calculate whether the median of the converted monthly rates from the twelve-, six-, and three-month rates of change in seasonally-adjusted, total non-farm employment are less than negative zero point two five percent (-0.25%).

Section 2 of this bill would amend Section 3614-f (b) to round the home care minimum wage to the nearest five cents, consistent with how the minimum wage in Labor Law Section 652 is rounded.

Section 3 of this bill would amend Section 3614-f (f) to make a technical edit to cross-reference the appropriate sections of Labor Law Section 652(1-b)(a), (b), and (c) when applying the home care minimum wage cap.

Section 4 of this bill would require the Commissioner of Labor to establish adjusted minimum wage rates pursuant to Labor Law Section 652(1-b) to take effect on March 1, 2027.

Section 5 of this bill would adjust the home care minimum wage rate to take effect on March 1, 2027.

Section 6 of this bill would make it effective immediately.

Existing Law:

Labor Law Section 652(1-b) ties the minimum wage to inflation by calculating the average Consumer Price Index increase over the previous three years. The law includes "off-ramps" to pause minimum wage increases if certain economic conditions are met. The three different economic indicators that could trigger an off-ramp are related to negative inflation, the state unemployment rate, and seasonally adjusted, non-farm employment.

Public Health Law Section 3614-f ties the home care minimum wage to inflation by calculating the average Consumer Price Index increase over the previous three years. The off-ramps in Labor Law Section 652 do not apply to the home care minimum wage. The home care minimum wage rate can increase based on indexing even if a § 652 off-ramp is triggered for the minimum wage; however, the home care minimum wage cannot exceed the minimum wage rate plus $3.

Justification:

In 2023, Labor Law Section 652 was amended to index the minimum wage rate to inflation with "off-ramps" that would suspend the increase in the minimum wage in the event of certain economic conditions, as such conditions were intended to indicate disruptions in the labor market. Similarly, in 2023, the home care minimum wage in Public Health Law Section 3614-f was amended to index to inflation but not to exceed $3 over the minimum wage.

The off-ramps were designed to protect businesses from having increased wages in the event of significant economic downturns as demonstrated by, for example, high rates of unemployment, to prevent further job loss. However, one of the off-ramps–pertaining to the absolute number of jobs in the state–has turned out to be overly sensitive, and does not reflect changes to New York's overall labor market.

Due in part to the extreme shifts in immigration enforcement, restrictive visa policies, and federal tariffs, the latest analysis shows the number of private education, hospitality, and retail jobs has declined slightly, by a monthly 0.07% from January to July, triggering the off-ramp.

Indexing the minimum wage to inflation helps to maintain the purchasing power of workers' wages from year to year. At the current level of inflation, a higher minimum wage would give low-income workers more purchasing power to buy what they need today, but the seasonally adjusted, total non-farm employment off-ramp has proven too sensitive to achieve the law's intended purpose in the current reality. The minimum wage rates should be recalculated using a refined methodology and take effect on March 1, 2027.

The bill also corrects two oversights in the previous drafting of the public health law section addressing home care minimum wage increases. First, it clarifies that inflation calculation will be rounded to the nearest five cents. This is consistent with how the broader minimum wage rates are calculated under the labor law and makes it easier for employers and employees to calculate pay. Second, it corrects drafting errors in the cross-references between the public health law and the labor law.

Legislative History:

This is a new bill.

Budget Implications:

To be determined.

Effective Date:

Immediately.