



# Raising the Minimum Wage Helps Business

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## **Minimum wage increases are a vital part of the solution to the affordability crisis**

The minimum wage was intended to be an anti-poverty wage, not a poverty wage. When the minimum wage is set too low, workers can be making even more than the minimum and still struggle to pay for rent, food and other necessities. We can't build a resilient economy and thriving communities on a minimum wage that's too low for people to live on.

## **Raising the minimum wage boosts consumer spending**

It's important to remember that workers are also customers. Our economy depends on consumer spending. Businesses typically have many more customers than employees and businesses do better when customers have more money to spend. Raising the minimum wage is a very efficient way to boost businesses and the economy because it puts money in the pockets of people who most need to spend it. Minimum wage increases go right back into the economy as spending at local businesses.

## **Raising the minimum wage reduces costly employee turnover and increases productivity**

Low-wage businesses have more trouble hiring and retaining employees. With increased wages, businesses see lower employee turnover, which reduces time and money spent on hiring and training. Businesses also see increased productivity, lower error and accident rates, and less product waste.

“Raising New York City’s minimum wage is an investment in people, businesses and the economy. By investing in our people, we benefit from low employee turnover, high productivity and great customer service. And if we can do it in cleaning, it can work in every industry. People want to work for us, and that allows us to grow. We avoid costly turnover, which between advertising a job, interviewing and hiring a candidate, and training and equipping them, costs us at least \$7,000 per employee.”

– Aaron Seyedian, owner of Well-Paid Maids

## **Businesses benefit from better customer service**

When workers are paid enough to live on they don't have the continual stress of worrying how they will make rent or afford food, transportation, healthcare and other basics. They have better morale and can afford to stay with the business. Engaged, experienced employees deliver better customer service and help businesses innovate and keep up with what customers want.

## **Fair wages help small businesses compete**

For small businesses to survive and thrive in competition with large corporations and online companies with increasingly fast delivery, they need customers with money to spend who want to spend it at their business and keep buying from them. And that depends heavily on customer service, which depends heavily on employees. Employees often make the difference between repeat customers and lost customers.

## Research shows raising minimum wage doesn't "kill jobs"

There is a long record of research looking at the impact of minimum wage increases, which shows they do not have negative employment effects. **For example:**

- **The Federal Reserve Bank of New York compared counties along both sides of the New York-Pennsylvania border** in a 2019 study. As New York's minimum wage increased, while Pennsylvania stayed stuck at \$7.25, New York leisure and hospitality and retail wages increased without negative impact on employment compared with Pennsylvania.  
<https://libertystreeteconomics.newyorkfed.org/2019/09/minimum-wage-impacts-along-the-new-york-pennsylvania-border.html>
- **The Keystone Research Center updated the Federal Reserve Bank of New York analysis** in 2025, "Leisure and hospitality employment growth in New York far outpaced Pennsylvania's throughout New York's scheduled minimum wage increases, the reverse of what critics of minimum wage increases predict." [https://keystoneresearch.org/research\\_publication/pushing-the-borders-or-crossing-the-line/](https://keystoneresearch.org/research_publication/pushing-the-borders-or-crossing-the-line/)
- **The New York City Comptroller reported in Spotlight: Impact of Recent Minimum Wage Increases on NYC Employment, Earnings, and Poverty**, September 12, 2022, "Between 2013 and 2019, as the minimum wage increased from \$7.25 to \$15 an hour in New York City, economic growth in industries reliant on minimum wage workers outpaced that of other U.S. cities where the minimum wage did not increase, and that of the U.S. overall." <https://comptroller.nyc.gov/newsroom/newsletter/new-york-by-the-numbers-monthly-economic-and-fiscal-outlook-no-69-september-12th-2022/>
- **A detailed analysis of the effects of \$15 and higher minimum wages across the United States** found substantial pay growth and no disemployment. Institute for Research on Labor and Employment, Minimum Wage Effects and Monopsony Explanations, Revised December 18, 2024.  
<https://irle.berkeley.edu/wp-content/uploads/2023/09/Minimum-Wage-E%E2%80%82ects-and-Monopsony-Explanations-Revised-December-2024.pdf>
- In 2024, California implemented a \$20 minimum wage for workers in large chains in fast food restaurants. A rigorous analysis found that the policy increased average weekly wages for covered fast food workers by about 11 percent and did not reduce employment. Prices increased by 1.5 percent, equivalent to 6 cents for a \$4 item. **Effects of a \$20 Minimum Wage: Evidence from Granular Data on Wages, Employment and Prices**, Institute for Research on Labor and Employment, April 1, 2026.  
<https://irle.berkeley.edu/publications/working-papers/effects-of-a-20-minimum-wage-evidence-from-granular-data-on-wages-employment-and-prices/>
- **Comprehensive studies have found very low – less than 1 percent – price increases with minimum wage increases.** For example, a National Bureau of Economic Research paper, **The Local Aggregate Effects of Minimum Wage Increases**, found that a 10 percent increase in the minimum wage leads to just a cumulative 0.24 percent increase in prices. Analyzes the period 1999-2017, using variation in minimum wages across Metropolitan Statistical Areas and controlling for differences in business-cycle factors and long-run local economic trends. <http://www.nber.org/papers/w25761>

→ See the Business for a Fair Minimum Wage **Business and Minimum Wage Research Summary** for many more studies on the impact of wages on employment, productivity, employee turnover, customer service, consumer spending, prices, profits, health, safety, and more.  
<https://www.businessforafairminimumwage.org/resource/business-and-minimum-wage-research-summary>

"As a financial institution headquartered in New York City, we see minimum wage as a vital tool in building thriving and resilient communities and businesses. The affordability crisis in the City continues to grow while other U.S. cities increase their minimum wages. It's time for New York City to raise our minimum wage."  
– **Maura Keaney, Senior Vice President, Amalgamated Bank**