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The Fate of \$15

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The Fight for \$15 is more than a struggle for better wages. It's infusing the labor movement with new life and vigor, and is now on the verge of transforming America's social, economic and political landscape.

"I think it's the most important labor movement since the eight hour day," said City University of New York labor historian Edward Ott.

On April 15th, 2015 the movement coordinated the largest low-wage protest in American history. With tens of thousands of supporters in over 200 cities across the nation, the movement garnered the attention of every politician in the country, including those running for president.

Hillary Clinton has since proposed to raise the federal minimum wage to \$12 while Bernie Sanders suggested a full \$15.

"It is a national disgrace that millions of full-time workers are living in poverty," Bernie Sanders said during the April 15th Fight for \$15 rally in Atlanta. "The current federal minimum wage is a starvation wage and must be raised to a living wage."

Soon after the protest five major cities – Los Angeles, San Francisco, Seattle, Pittsburgh and New York – agreed to incrementally raise their minimum wage to \$15 for at least part of their work force. Kansas City and Chicago announced an incremental raise to \$13 and Washington DC agreed to \$11.55.

As the national debates continue, the battles fought at the city and state level represent the front lines.

STIRRING THE MASSES

It all appropriately began in New York City – the epitome of American prosperity as well as inner-city poverty – and one of the last bastions of union representation in the country.

In the summer of 2012 a community advocacy group called New York Communities for Change, or NYCC, identified fast food workers as a particularly oppressed segment of society that had yet to be unionized.

“At the origins we were talking to folks in the neighborhood. The main refrain we heard was that we just don’t make enough money to be able to pay rent or live,” said Jonathan Westin, the director of NYCC. “One of the most predominant jobs being fast food, we began to think about organizing these folks to demand more.”

The more involved NYCC became, the more they recognized how vital their advocacy could be to over 200,000 fast food workers in New York.

A study completed by the [Fiscal Policy Institute](#) reported that since 2000 the fast food industry has grown 10 times faster than any other private employer in New York.

“For so long within the labor movement we had kind of written off low-wage workers as un-unionizable, you know, fast food workers are just teenagers who don’t care about their job,” said Westin. “But that was not at all the picture we were seeing. These were mothers and fathers and folks with families struggling to get by.”

According to [the New York Department of Labor](#), 60 percent of fast food workers in New York are 25 or older, and 39 percent are 35 or older. Even more alarming, 87 percent of fast food workers don’t receive health benefits.

Rebecca Cornick, 61, has been an employee at Wendy's for the past nine years. In all that time she received one raise of .25 cents. She makes nine dollars an hour.

Working 40-hour weeks, Cornick is only able to cover two-thirds of her \$1,400 rent in Canarsie, Brooklyn and struggles to afford even the most basic necessities of life – food, clothing and health care. Thus far she accumulated \$16,000 worth of credit card debt just trying to keep her head above water.

“I'm always living in fear,” said Cornick. “It's a constant attack on my dignity and my self-esteem. My spirit is very low because of fear of becoming homeless. I'm teeter-tottering on the edge of destruction.”

Despite the overwhelmingly depressing response from the community, the idea of a small advocacy group taking on the multi-billion dollar fast food industry seemed absurd. In order to test the waters, NYCC brought in Kendal Fells, a 35-year-old union organizer for the Service Workers International Union who previously organized health care workers across the country.

Despite his experience, he had no idea the type of crusade he was about to initiate when he agreed to speak to 40 fast food workers in Brooklyn.

“I had some misconceptions when I went in,” said Fells. “I didn't know how bad it was.” Despite working 40 hours a week, “a lot of people were in homeless shelters. They were living in parks.”

Within a month the group swelled to well over 100 workers who were riled up and ready to strike. Much to the surprise of industry leaders and politicians everywhere, the group ambitiously demanded a \$15 minimum wage – a historically high 71 percent increase – and the right to unionize.

“I think a light bulb went off in people’s minds,” said Fells. “It seemed like people realized that it wasn’t just an issue at their McDonalds, it’s in all of these fast food restaurants and everybody was saying the same thing.”

“People were worried because they could be fired,” said Fells. “But they said what’s the difference – we have nothing to lose.”

Like most workers, Cornick was hesitant to get involved and risk her family’s only means of subsistence, but her financial situation left her little choice.

“When I first heard about the Fight for \$15, I was overwhelmed and very busy,” she said. “But my back was up against a wall. I was tired of going to rent court. I was tired of not being able to provide for my family or for myself so I jumped right in. I got involved.”

The Fight for \$15’s preliminary strike took place on Nov 29th, 2012. They organized an early morning walkout at a McDonalds on Madison Ave. The protest gathered some 200 workers from various fast food outlets as well as members of the clergy, the city council and major media outlets.

According to Fells, one worker who got cold feet and decided to return to work was fired for walking in one minute late. She was almost immediately rehired due to the pressure applied from fellow protesters.

From that moment on, those involved in the protest, as well as those reading about it in newspapers around the country began to realize the true potential of the movement.

“We got so much support so quickly, and when it came to a head we won, we actually won,” said Cornick. “It makes me proud to be involved. It gives me stories to tell my grandchildren - that they can standup and fight for what they need, for what they deserve.”

“The media and the attention and the buzz that got built around that, we were like ‘we have something here,’” said Westin. “It’s something that captures the everyday person’s imagination around why jobs are so terrible, and why they pay so little and how people really expect to live off of these jobs.”

Soon after the initial strike Westin said workers began to reach out from all types of low-wage industries, unionized or not. From healthcare and retail workers to government employees and day laborers, the movement struck a chord with tens of thousands of people who had silently suffered for years while earning unsustainable wages.

The movement’s rapid, yet consistent expansion created such a large voting block it forced politicians to take notice.

Recognizing the political good will that was up for grabs, on September 10th, 2015 Governor Andrew Cuomo announced his administration would raise the minimum wage to \$15 for fast food workers in New York City by 2018, and New York State by 2020.

"Raising the minimum wage to \$15 an hour will add fairness to our economy and bring dignity and respect to 2.2 million people, many of whom have been forced to live in poverty for too long," said Cuomo as he announced his support of a statewide wage increase beside Vice President Joe Biden at Javits Center in New York City.

“We never thought we would get to \$15 dollars an hour in New York so quickly,” said Westin. “I’m not sure we ever expected the national, even global momentum around the Fight for \$15 and its impact on all these other sectors beyond just the fast food industry, really calling into question all low-wage jobs in this country.”

Few believed organized labor could ever again wield the same political and economic power that once restructured American life. However, the series of the Fight for \$15’s successes made believers of a new generation of workers, unionized or not. It proved they could fight for a better life and actually win.

Daquan Allen, 24, cleans airplanes at Newark Airport. As a member of SEIU 1199 he joined the Fight for \$15 soon after the fast food industry won a \$15 minimum wage in New York.

“We’re happy the fast food workers have received their \$15 an hour. It’s inspiring,” said Allen. “It shows that every opinion matters. Don’t be afraid to speak up. We can stand together for higher wages, respect, health benefits and a union or we can fall through the trials and tribulations of low-wages.”

For union organizers like Fells, the Fight for \$15’s growing influence and success is just a small representation of what could be achieved with a reinvigorated labor movement.

“The idea that non-union workers have now created an environment in this country where union members can get more is unfathomable,” said Fells. “I just think the labor movement got a little stale and now people are awakening and seeing the opportunities that the Fight for \$15 and an union has provided.”

As the Fight for \$15 readies its campaign to pass the first statewide \$15 minimum wage in New York, their opposition grows fiercer and the issues more complex.

ADDING UP THE NUMBERS

In the beginning a \$15 minimum wage was viewed as a pipe dream. As the idea took root in reality, economists began to seriously consider the effects of such a dramatic increase to the minimum wage.

Both liberal and conservative economists cite a variety of studies that seem to mathematically prove their point, but in truth the effects remain largely based in opinion.

A [2014 study](#) completed in conjunction with the Center for Economic Policy Research and Goldman Sachs reported that states where the minimum wage increased experienced faster employment growth.

However, The [American Enterprise Institute](#) concluded such a steep increase in the minimum wage would negate any previous research. They assert that the effects in Seattle, where restaurants saw the largest drop in employment numbers since 2009 after the city council agreed to a \$15 minimum wage, is a more accurate prediction.

James Parrot of the Fiscal Policy Institute, a liberal Washington D.C. think tank affiliated with the labor movement analyzed the effects in Seattle differently. He said the slightly lower employment numbers in Seattle were to be expected at the start but that the plan to incrementally increase the minimum wage provides businesses with enough time to adjust without decimating employment opportunities in the restaurant and beverage industry.

Instead, he said a \$15 an hour will prop up the economy by increasing the purchasing power of low-wage workers and provide a more stable labor force for businesses. Aside from the sheer economic benefits, he said an increased wage could also improve the lives of millions of people living in poverty.

“Raising wages for workers at the bottom is a credible way to stimulate the economy and it helps reduce poverty, so it’s a very positive thing overall,” he said. “Then you couple that with a growing body of management-related research that shows high wage policies are good for business.”

According to a [2015 study by MIT](#), higher wages reduce turnover, which increases worker productivity as employees hone their skills. It also saves on costs of training new employees and improves customer service as workers better understand the business and are more content with their employment.

In the past an increased minimum wage always brought about positive economic change but according to Eduardo Suarez, 46, a restaurateur based in Williamsburg Brooklyn, such a dramatic increase is going to fundamentally change the way he does business.

“\$15 is doable,” he said. “But it’s going to make things really tough. It’s going to affect everything not just the cost of labor. If the minimum wage is \$15 what am I going to have to pay my head chef? I want it to be fair for everybody, but we are part of the chain as well. We have to make money too.”

Diana Furchtgott-Roth, a senior fellow for the Manhattan Institute, a conservative think tank in New York City, believes that the minimum wage should be determined solely by market forces. Artificially raising wages, she said, will force businesses to cut unskilled labor, increasing unemployment among low-income workers and limiting the ability of young workers to gain early employment experience.

“I’m an economist. All I can say is what is good for the economy or what isn’t,” said Furchtgott-Roth. “The way you get improved pay is not by legislation, it’s by acquiring additional skills which means people have to pay you more.”

“No employer is going to employ someone whose productivity is less than the wage they have to pay,” she said. “Ninety-seven percent of working Americans make above the federal minimum wage and that’s not out of the kindness of employers’ hearts. It’s because that is what they have to pay in order to retain someone’s skills.”

With only three percent of working Americans making the minimum wage (\$7.25 federally), half of who are under the age of 24, a \$15 minimum wage is too dramatic a solution for an issue she doesn’t view as systemic. If anything, she said raising the minimum wage would exacerbate the problem of inequality by annihilating the number of employment opportunities for low-skilled workers.

Instead of altering the business model to account for a higher cost of labor, she said companies are more likely to invest in technology, like the automated ordering machines now seen at many restaurants and leave formerly low-wage workers unemployed.

“I think the correct direction is to keep the minimum wage the same or make it lower. The question is who we want to make opportunities for,” said Furchtgott-Roth. “Corporations will hire a different kind of worker if they have to pay more, they will substitute more technology for labor. If you have a \$15 minimum wage you’re saying anyone who earns less than \$15 an hour is not permitted to work in your state and that is positively un-American.”

No one, including Furchtgott-Roth, argues that the current minimum wage is actually a livable, especially in New York. As a result, she cited the welfare system as the key component to offset the economic difficulties while keeping wages low and opportunity high.

“It’s not up to the employer to pay somebody a wage at which they can survive. That’s why we have programs such as food stamps, income tax credit, housing vouchers, Medicare,” said Furchtgott-Roth. “These programs were put in place precisely so that there wouldn’t be any disincentive to hiring workers.”

Oddly enough, low-wage worker’s reliance on governmental assistance is arguably the Fight for \$15’s most potent political asset.

POLITICS AS USUAL

At its inception few politicians supported a \$15 minimum wage. Then the Fight for \$15 began to argue that a higher minimum wage could cut hundreds of millions from the government assistance fund.

Ever since, Democrats have staunchly supported an increased minimum wage against even the most stringent opposition.

According to a [2013 UC Berkley study](#), there are 104,000 front-line fast food workers in New York State. Three out of every five received one or more forms of public assistance. In all, they received an estimated \$708 million in publicly funded subsidies such as Medicaid and food stamps.

“It’s the mother of all corporate loopholes,” said Governor Andrew Cuomo at a Fight for \$15 rally on November 10th. “McDonalds’ workers qualify for welfare and for food stamps, and the tax payers give McDonalds workers \$6,800 in tax subsidies. We are subsidizing McDonalds’ profits and Burger King’s profits and we don’t want to be in the hamburger business anymore.”

Though the State Assembly passed a minimum wage increase last year for fast food workers, opposition in the Republican led state senate narrowly defeated the legislation. In order to override the decision, Cuomo enacted a wage board through executive order. Under the supervision of the New York Commissioner of Labor the wage board was tasked with studying the effects of a \$15 minimum wage and making a recommendation of whether or not to increase wages for fast food workers without legislative approval.

The National Restaurant Association was not permitted representation on the wage board.

“We argue that the board was convened outside the letter of the law without sufficient representation from the very industry it was targeting, without consent of the state legislature,” said Christin Fernandez a spokeswoman for the association. “[Cuomo’s] decision to target a sole segment of a single industry is completely arbitrary. We have said from the beginning that \$15 will fundamentally change the way restaurants do business.”

The National Restaurant Association asserted that New York State violated the 14th amendment's equal protection commerce clause by enacting a \$15 minimum wage solely for fast food restaurants with 30 or more locations.

In November they argued their case before the Industrial Board of Appeals, an independent review agency created in 1975 to evaluate the validity of certain rules, regulations and orders issued by the Commissioner of Labor.

“The [wage] board regulated a sliver of a slice of a subset of a segment of an industry,” said Randy Mastro, the National Restaurant Association's legal representation during the November 19th hearing with the Industrial Board of Appeals. “Under the commerce clause [of the U.S. Constitution], this is discrimination and it cannot stand.”

In the past, courts have been reluctant to extend this constitutional right to businesses in direct opposition of legislation. According to legal precedent set during the ruling of the 1981 Supreme Court case *Minnesota v Clover Leaf Creamery Co.*, "states are not required to convince the courts of the correctness of their legislative judgments." In order for the law to be upheld the state must simply provide “a rational basis” for the law's existence.

Cuomo and members of his administration, including the Commissioner of Labor Mario Musolino, rationalized the law with figures showing that fast food employed the highest rate of workers earning the minimum wage, that they were the largest category of workers depending on government assistance programs and that their wages demanded immediate attention in order to “provide adequate maintenance and to protect their health.”

“It wasn't like they cut out half the fast food industry said Pico Ben-Amotz, a lawyer for the state's Department of Labor at the November hearing. “It captures 98.9 percent [of franchises],”

Ben-Amotz also cited a U.S. Supreme Court case from 1937 that confirmed Louisiana's right to levy higher taxes from large chains rather than small businesses and the fact that New York's labor department has distinguished between workers at seasonal and year-round hotels for decades. Furthermore, he noted that national franchises, even if independently owned, enjoy certain benefits like national advertising campaigns and brand names that will make it easier to adjust to a higher cost of labor.

The Industrial Board of Appeals ultimately decided to uphold the constitutionality of a \$15 minimum wage for fast food workers on December 10th. However, the National Restaurant Association said it will continue to fight the increased minimum wage even if that means filing a law suit against the state.

Despite strong opposition from various segments of the population, the Fight for \$15 gained substantially more momentum since the wage board enacted a \$15 minimum wage for New York fast food workers. A recent Gallop poll reported that 62 percent of New Yorkers support a raise in the minimum wage statewide.

State Senator Liz Krueger, the ranking member of the state Senate finance committee, and Jeff Klein, the state Senate's independent caucus leader, believe the movement's growing popularity can turn the tide within the state Senate.

In February Cuomo scoffed at Mayor de Blasio's idea of at \$13 dollar minimum wage for New York City, calling it a "nonstarter." Now, due to the widespread success of the Fight for \$15, the always-savvy Cuomo fully supports a statewide \$15 minimum wage.

Both senator Klein and Krueger hope for a similar reaction from at least a few Republican senators.

"We can get a minimum wage bill passed in the coming year," said Krueger. "I feel confident that my conference is vastly in support of a minimum wage increase as we were last year. We have a Democratic assembly, which I believe is fully on board. We have a Governor who has spoken loudly and clearly about his support and we're almost

at a 50/50 mark in the New York senate. The Republicans are just one seat in the majority now, we just need to pull a few republicans across the finish line.”

“Republicans don’t understand the movement,” said Klein. “But with upcoming elections, it’s an important political move for Republicans to support the increased minimum wage.”

Despite the Democrat’s assurance, key Republicans remain skeptical.

“As we move into this year, the minimum wage is very popular, but the more you ask people about it, the more they have concerns and we will have a very robust discussion on that,” said state Senate Majority leader John Flanagan at a Crain’s New York breakfast in Manhattan.

For Democrats the discussion is a simple one. Raising the minimum wage to \$15 will put wages on track with increases that should have been made in past years to account for inflation. By incrementally instituting raises, businesses will be provided with enough time to counteract any negative economic factors.

“I’m not particularly concerned about job loss as we increase minimum wage,” said Krueger. “Technically it is historically what it would have been if we had inflation adjustment all this time.”

“It’s simple math,” said Cuomo at the Nov. 10th rally for the Fight for \$15. “The minimum wage comes out to about \$18,000 a year. You can’t afford housing, food and clothing in New York on \$18,000, period. It violates the very promise of this country.”

If Republican state senators continue to block the legislation, Cuomo clearly demonstrated his desire to make New York the first state with a \$15 minimum wage. While full legislative participation is preferred, it’s well understood that Cuomo will not hesitate to use his executive powers in pursuit of a progressive legacy.

“New York is not just another state my friends, New York is the progressive capital of the nation,” said Cuomo at the Fight for \$15 rally. “We fight until this nation fulfills its promise of opportunity for all. That what this Fight for \$15 is all about. We’re going to lead the way. The nation’s going to watch us. We’re going to raise up this state and we’re going to raise up this nation to a higher level than it’s ever been.”