



April 26, 2023

Hon. Kathy Hochul
Governor of New York State
Executive Chamber
New York State Capitol
Albany, NY 12224

Hon. Andrea Stewart-Cousins
NYS Senate Majority Leader
State Capitol, Room 330
Albany, NY 12247

Hon. Carl Heastie
Speaker of the NYS Assembly
932 Legislative Office Building
Albany, NY 12248

RE: Minimum Wage Increase Proposals

Dear Governor Hochul, Majority Leader Stewart-Cousins and Speaker Heastie:

New York State’s agriculture, forest product, and business communities write to you today to express serious concerns with proposals to increase New York State’s minimum wage and tie it to inflation.

In New York State, 98% of businesses are small and many are family-owned. Business owners continue to grapple with ongoing inflation and rising inputs, especially family farms and forest product companies – many of which have little-to-no ability to pass costs on to consumers due to commodity pricing, federal milk marketing orders, and an extremely competitive marketplace here in the Northeast, nationally, and internationally.

In recent years, farmers have dealt with severe uncertainty and financial hardship due to inflation and increases in input costs, including fuel, electricity, feed, equipment, lumber, and labor – which is one of the largest expenses for farmers and wood product producers. On top of that, unpredictable and severe weather events have negatively impacted growing seasons and yields for many farms, like what we witnessed last July when Albany County saw the sixth driest day ever on record¹.

According to Purdue University’s recent Ag Economy Barometer released on April 4, farmer sentiment continues to weaken due to concerns with commodity pricing and interest rates, and higher input costs remain the number one concern of farms.²

To compound costs and business uncertainties further, beginning January 1, 2024, labor costs will jump yet again as a result of the new farm overtime law.

New York farms compete with neighboring states and countries where the cost of doing business is much lower. This provides an opportunity for farms in neighboring states to sell produce, milk, and other food in the commodity marketplace at a lower price than farms in New York. The cost of doing business for our farms cannot continue to increase at a rate that outpaces any hope of them remaining in business. More must be done to ensure local farms are able to continue feeding New Yorkers while remaining viable to be passed on to the next generation.

Instead, the proposal being considered in Albany to increase wages and related payroll expenses further would result in catastrophic damage to New York’s diverse agriculture and wood product industries, and small business community.

Between the years 2012-2017, New York State lost 2,000 farms³. Following the latest minimum wage hike, which began at the end of 2016, we saw a loss of at least 1,100 family dairy farms alone, according to the State Department of Agriculture and Markets.

As multi-generational farms continue to shutter due to tightening margins and suffocating regulations, the state’s food miles will continue to increase. Increasing how far food travels to our grocery stores, food banks, and farmer’s markets is not only counter-intuitive to the state’s ambitious climate goals, but it will negatively affect our rural towns and counties that rely heavily on New York’s agribusinesses.

Any increase to the current \$15 minimum wage – especially if tied to inflation – would result in significant job losses and economic impact over time. A recent study conducted by Regional Economics Models⁴ and commissioned by NFIB found that approximately 128,000 jobs would be lost over the next 10 years as a result of the proposal to increase the minimum wage to \$21.25 downstate and \$20 upstate. The non-partisan economic analysis also found that small businesses would suffer nearly 65% of the projected job losses.

Mandating wage increases for entry-level workers will force all wages up, exacerbating the already tight margins businesses across the state are working within. This will only exacerbate the rate of inflation and New York families and small businesses will bear the burden of these decisions.

¹ <https://www.timesunion.com/business/article/Stunted-crops-and-parched-land-how-the-drought-17380114.php>

² <https://ag.purdue.edu/commercialag/ageconomybarometer/commodity-price-outlook-and-interest-rate-concerns-cloud-farmer-sentiment/>

³ www.nass.usda.gov/Publications/AgCensus/2017/Online_Resources/County_Profiles/New_York/cp99036.pdf

⁴ <https://assets.nfib.com/nfibcom/NFIB-Testimony-FY-2024-Executive-Budget-Proposal-Joint-Budget-Hearing-Labor-March-2023.pdf>

Over the last five years, food prices have increased by more than 27%⁵. According to Siena Polling, 81% of NYS residents recently indicated that the amount of money spent on groceries is having a very serious or somewhat serious impact on their finances⁶, breaking a record high for concern over food prices which was 80% back in June 2022.

It is clear that forcing entry-level wages up forces all costs up, for everyone, since the businesses that can pass costs on are forced to do so.

The COVID-19 pandemic underscored how critical our local farms are, and while agriculture is a unique industry in that most farms are unable to simply pass increased costs on to consumers, they absolutely cannot continue to absorb more mandated cost increases.

At a time when the state's minimum wage is set to increase to \$15 an hour upstate at the end of 2023 and has already been fully implemented in New York's downstate regions, we urge our elected leaders to identify ways to ease inflation, rather than moving forward with mandated cost increases for New York's small and mostly family-owned businesses, including our farmers.

New York businesses are not the large corporations making steep profits. In reality, New York's small and mostly family-owned businesses will be the ones to feel the financial pressure and may be forced to close their doors as a result of a decision to increase wages and tie the minimum wage to inflation.

We implore state leaders to pause any plans for a minimum wage increase to allow farms and small businesses to assess the financial impacts of inflation and the increase to the minimum wage that is just reaching the original \$15 mandated threshold. Our family farms are also working to plan for the scheduled phase-in of the overtime threshold beginning on Jan. 2, 2024.

Now is not the time to strain margins, discourage the next generation of farmers and business owners, and increase costs further. If the minimum wage does increase, action must be taken to offset costs for farms, including increasing the workforce retention tax credit and creating a separate youth wage to assist young people who are looking to gain farm experience in New York State.

We thank you for your time and consideration of this request.

Sincerely,

The Grow NY Farms Coalition
Agri-Mark
Cayuga Marketing, LLC
Dairy Farmers of America
Empire State Chapter of Associated Builders and Contractors
Empire State Forest Products Association
Empire State Restaurant & Tavern Association
Greater Binghamton Chamber of Commerce
National Federation of Independent Business
New York Apple Association

⁵ <https://www.bls.gov/opub/ted/2023/energy-prices-down-6-4-percent-from-march-2022-to-march-2023.htm>

⁶ <https://scri.siena.edu/2023/04/05/consumer-sentiment-up-reaches-21-month-high/>

New York Farm Bureau
New York State Vegetable Growers Association
New York Wine Policy Institute
Northeast Agribusiness and Feed Alliance
North Country Chamber of Commerce
Northeast Dairy Producers Association
Upstate Niagara Cooperative
Upstate United