



Movin' On Up: New York Minimum Wage Set to Rise

Insights

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Employers in the Empire State may need to review and revise their budgets in light of recently finalized minimum wage hikes. As part of the New York State budget legislation enacted on May 3, the minimum wage is set to rise up to \$17 per hour in certain parts of the state by 2026. What do you need to know about these changes and what actions should you consider taking now?

Changes Based on Region

The minimum wage will increase incrementally over the next few years based on the region where employees work as follows:

Effective Date	NYC, Long Island, and Westchester	Remainder of New York State
Current	\$15/hour	\$14.20/hour
January 1, 2024	\$16/hour	\$15/hour
January 1, 2025	\$16.50/hour	\$15.50/hour
January 1, 2026	\$17/hour	\$16/hour

Thereafter, starting on January 1, 2027, increases to the minimum wage will be automatically tied to inflation using the Consumer Price Index for northeast region urban wage earners and clerical workers as the barometer. The state labor commissioner is directed to publish the adjusted minimum wage rate no later than October 1 each year, with the new rates taking effect the following January 1.

Potential Impact on Exempt Salary Threshold

Although the legislation does not specifically address the impact of the wage hike on the minimum salary threshold for exempt executive and administrative employees, the labor commissioner is directed to increase all monetary amounts specified in the state's wage orders in the same proportion as the increase to the hourly minimum wage. Historically, the exempt salary threshold has been set at 75x the minimum wage rate, so we can anticipate the following increases to the

weekly salary requirement for exempt status:

Effective Date	NYC, Long Island, and Westchester	Remainder of New York State
Current	\$1,125 per week	\$1064.25 per week
January 1, 2024	\$1,200 per week	\$1,125 per week
January 1, 2025	\$1,237.50 per week	\$1,162.50 per week
January 1, 2026	\$1,275 per week	\$1,200 per week

Similarly, the tip credit and allowances for meals, uniforms and housing set forth in the state’s wage order will be proportionately impacted by the minimum wage increases.

What You Should Do Now

Employers in New York need to be aware of these upcoming changes, as the increased labor costs will undoubtedly impact your bottom line. If you employ minimum wage workers, you should start planning now for the increase.

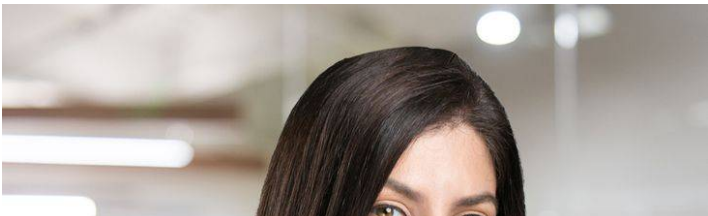
Even if you don’t employ minimum wage workers, you should determine whether you will need to increase your workers’ hourly rates in order to stay competitive in the labor market.

For your exempt employees, you should identify executive and administrative personnel whose salary may fall below the threshold as it increases over the next few years. You will need to determine whether to raise their salaries to retain the exemption or reclassify them as non-exempt and eligible for overtime pay.

Conclusion

We will continue to monitor developments and provide updates, so make sure you are subscribed to [Fisher Phillips’ Insight System](#) to gather the most up-to-date information. If you have questions, please contact your Fisher Phillips attorney, the author of this Insight, or any attorney in our [New York City](#) office.

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Melissa Camire
Partner
212.899.9965
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