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New York Increases the Minimum Wage

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As part of the state's 2023-2024 budget deal, Gov. Kathy Hochul signed into law an increase to New York's minimum wage. In fact, the minimum wage will increase to \$17.00 per hour for most New York State employers by Jan. 1, 2026.

The 2023-2024 budget deal continues the two-tier minimum wage system in New York: one tier for New York City, Long Island and Westchester County and a second tier for the rest of the state. In addition, the tip credit for tipped food service workers was preserved and will be adjusted so that the cash wage remains at 2/3 of the full minimum wage. As a reminder, as defined in the New York Minimum Wage Act, a "food service worker" is any employee primarily engaged in the serving of food or beverages to guests, patrons or customers in the hotel and restaurant industries ... and who regularly receive tips from such guests, patrons or customers." Accordingly, in New York, the minimum wage and minimum cash wage for tipped food service workers will increase as follows:

NEW YORK CITY, LONG ISLAND & WESTCHESTER COUNTY

	Effective Jan. 1, 2024	Effective Jan. 1, 2025	Effective Jan. 1, 2026
Minimum Wage	\$16.00	\$16.50	\$17.00
Minimum Overtime Rate	\$24.00	\$24.75	\$25.50
Cash Wage to Tipped Food Service Workers	\$10.70	\$11.00	\$11.35
Overtime Wage to Tipped Food Service Workers	\$18.70	\$19.25	\$19.85
Tip Credit for Food Service Workers	\$5.30	\$5.50	\$5.65

REST OF NEW YORK STATE

	Effective Jan. 1, 2024	Effective Jan. 1, 2025	Effective Jan. 1, 2026
Minimum Wage	\$15.00	\$15.50	\$16.00
Minimum Overtime Rate	\$22.50	\$23.25	\$24.00
Cash Wage to Tipped Food Service Workers	\$10.00	\$10.35	\$10.70
Overtime Wage to Tipped Food Service Workers	\$17.50	\$18.10	\$18.70
Tip Credit for Food Service Workers	\$5.00	\$5.15	\$5.30

The minimum wage increases do not stop there. Starting Jan. 1, 2027, and on each Jan. 1 thereafter, New York’s minimum wage will automatically increase in an amount set by the New York Department of Labor that must be published no later than Oct. 1 of the prior year (e.g., for 2027, the Department of Labor must publish the new minimum wage no later than Oct. 1, 2026). The annual increase to the minimum wage set by the Department of Labor must be tied to inflation as measured by the Consumer Price Index for the Northeast Region Urban Wage Earned and Clerical Workers. In the event the applicable consumer price index is flat or negative in any particular year, there will be no change to the minimum wage for that year; there is no mechanism to decrease the minimum wage should there be deflation.

As a result of the 2023-2024 budget deal, New York employers need to note the increases to the minimum wage that will go into effect starting on Jan. 1, 2024, and each Jan. 1 thereafter, and budget labor expenses accordingly.

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