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Thank you Chairperson Nelson, and Committee members Gennaro, Mark-Viverito, Recchia, Jr., and Ulrich, for giving me the opportunity to speak today at the Committee on Civil Service and Labor on the topic of wage theft in the fast food industry. My name is Josh Kellermann and I am a senior policy analyst at ALIGN: The Alliance for a Greater New York. We are a nonprofit labor-community coalition that works to create good jobs, vibrant communities and an accountable democracy for all New Yorkers.

The question we are faced with is whether vulnerable NYC workers are at risk from wage theft. The short answer is yes, of course. But let me start by painting a picture of the economic situation in which vulnerable workers find themselves, that lends itself to exploitation by unscrupulous business owners. According to a recent article by CUNY's Joshua Freeman, NYC has bounced back from the Great Recession. In December 2012, the city had more than 3.9 million jobs, the most ever. In addition, more than 22% of NYC workers belong to a union, nearly twice the national level. However, as Freeman's data shows, just beneath the surface of this apparent success story, is the real working class New York.

The biggest employment gains since the Great Recession in NYC have been in low-paid industries: restaurants, retail trade and home healthcare. Between July 2008 and July 2012, NYC had a net loss of nearly 60,000 jobs paying \$45,000 a year or more, while gaining more than 130,000 jobs paying less than \$45,000. There has been a nearly 8% drop in real median wage earnings between 2008 and 2011. The official unemployment rate in February, 2013 was 9.1%, well over the national level of 7.7%. In 2011, 21% of New Yorkers lived in poverty, compared with 16% nationally.

Finally, according to NYS Department of Labor statistics, employment in the fast food industry is projected to grow by over 10% through the year 2020. This means that the industry is projected to expand into the future, while traditional middle-class industries in NYC shrink. It is a fact that jobs in low-wage sectors represent the future employment for most workers in NY. It is also a fact that today's expanding low-wage sectors of NYC's economy must become tomorrow's middle class jobs.

At the turn of the 20th century in the U.S., manufacturing jobs were low-wage, dangerous jobs, and where wage-theft was common practice. What we have learned from those dark days of labor history is that no job is a good job until workers, with the support of forward thinking legislators, make them good jobs. This is what happened in the manufacturing industry, as workers, their unions, and political leaders fought to raise wages in the industry, end child-labor and discrimination, and prevent wage theft. These hard-fought wins led to the rise of the middle class in America. We are now faced with new industries, yet the same problems have resurfaced. Let's work together to make the low-wage jobs of

today the dignified, family-supporting jobs of tomorrow.

We all know that gridlock and bipartisan bickering at the federal level has made action at the state and local level essential to improving the lives of the residents of NYC. We must take action in NY to raise wages in the fast-food industry, and to prevent wage theft. The Fast Food Forward report shows that as many as 84% of fast food workers have suffered from at least one form of wage theft in the past year, such as unpaid overtime and the withholding of legally required meal breaks.

Let's be clear, the \$200 billion per year fast-food industry is not going to close shop in NYC and move to lower-wage countries. Fast food retail must locate near consumers. Therefore, we should not be afraid to establish strong standards in this growing industry – NYC's vulnerable workers depend on it.

Thank you for your time,

Josh Kellermann