

Proposal to Raise New Jersey’s Minimum Wage to \$15 an Hour is Strong *Here’s How to Make it Stronger*

Raising New Jersey’s minimum wage to \$15 an hour is an important tool to fight growing poverty, grow the middle class and ensure hard-working men and women aren’t paid so little they can’t make ends meet.

Last week, the Senate President and Assembly Speaker announced a proposal that would bring raise the state’s wage floor to \$15 over six years.

This is a tremendous step forward, and would help many New Jerseyans while boosting the state’s economy.



However, the proposal could be strengthened in two key ways: **Accelerating the phase-in** and **eliminating the state’s sub-minimum wage for workers who rely on tips**.

Accelerating the Phase-In

Under the current legislative proposal, New Jersey’s minimum wage wouldn’t get to \$15 an hour until 2022. If the legislation is vetoed and the question goes to the ballot, the wage floor wouldn’t get to \$15 until 2023. Both of these options are too long and will cause working men and women to fall further behind. Instead, a three- or four-year phase-in to \$15 an hour is ideal. This will give employers time to adjust while reducing poverty and boosting the economy.

Adjusting the United Way’s 2012 “Household Survival Budget” for inflation, a single adult worker will need \$15 by 2018 just to get by while working full time. By 2021, a single adult New Jersey full-time worker will need \$16 an hour just to get by, and nearly \$23 an hour to attain a “stability” budget, which is a close approximation to a living wage.

Additionally, comparable states that are moving to adopt \$15 minimum wages are proposing quicker phase-ins. Proposals in California and New York would get to \$15 by 2021 (New York City would get there by 2018 under Gov. Cuomo’s proposal), while the District of Columbia would get to \$15 by 2020.

Ensuring a \$15 minimum wage by 2021 by phasing in the increase to \$15 over three or four years, instead of six, would be a better path forward. If this is done legislatively, the wage floor could go to \$11 in January 2017, then increase by one dollar each year until it hits \$15 in 2021. If this is done through a 2017 ballot question, we recommend the phase-in at right. From 2022 on, the minimum wage should be tied to inflation, as it is now.

Phase-In Schedule		
	Legislative	Ballot
January 2017	\$11	--
January 2018	\$12	\$11
January 2019	\$13	\$12.50
January 2020	\$14	\$14.50
January 2021	\$15	\$15

Raising the Tipped Minimum Wage

The current protections for workers in jobs that rely on tips are some of the weakest in the nation. New Jersey is one of only a few states that have no minimum wage at all for tipped workers, meaning that some people in these jobs are forced to work for tips only. Other tipped workers in New Jersey are covered by the federal tipped minimum wage, but it is only a paltry \$2.13 an hour and hasn't been increased in 25 years. In the face of federal inaction, 18 states have increased their tipped minimum wage in just the last three years alone. This issue particularly affects women, as **7 in 10 tipped workers in New Jersey are women**.

There are many reasons to eliminate the minimum wage exemption for tipped workers, including:

- New Jersey's tipped workers have a median personal income (\$14,000) that's less than half what it is for non-tipped workers, and are about twice as likely to live in poverty than non-tipped workers.
- The tipped wage is widely recognized as overly complicated and very difficult to enforce.
- Thirty-three states – including every state in our region – and the District of Columbia have a higher tipped minimum wage than New Jersey.
- Phasing out the tipped wage can be done without harming the restaurant industry. The seven states - CA, WA, OR, NV, MN, MT and AK - that mandate the tipped wage be the same as the full minimum wage have had economic patterns indistinguishable from the rest of the nation.

Tipped Minimum Wage Comparisons	
New York	83% of full minimum wage
California, Washington State, Oregon, Nevada, Montana, Alaska & Minnesota	100% of full minimum wage
Federal Proposal (S.1150/H.R.2150) backed by President Obama, Sec. Clinton & most Democrats in Congress	100% of full minimum wage
2016 Ballot Initiatives in Washington, D.C. and Maine	100% of full minimum wage

New Jersey should follow these states' lead and include a gradual phase-up of the tipped minimum wage to 100 percent of the full minimum wage as part of its efforts to increase the minimum wage to \$15 an hour.