

February 22nd, 2016

Speaker Vincent Prieto &  
Senate President Stephen Sweeney  
125 W State Street  
Trenton, NJ 08608

Dear Senate President Sweeney and Assembly Speaker Prieto,

We the undersigned applaud the New Jersey State Senate and General Assembly in their recent introduction of legislation aimed at raising the minimum wage in New Jersey to a family sustaining, living wage. Through your actions, New Jersey has joined the nationwide movement to ensure every worker earns a wage they can live on. However, we would like to express our concerns about the immediacy, rate and scope of your proposals and ask that you consider a revised schedule that reflects the experiences of other cities and states and ensures the best outcome for working families across New Jersey.

Proposed elements to consider include:

**1. \$15 Wage Phase-In by 2021**

We agree that the state should phase-in a \$15 minimum wage, as is the norm for minimum wage increases in order to give employers time to adjust. But we respectfully urge that asking New Jersey workers to wait up to eight years for a raise to \$15 is just too long.

First, cost-of-living analyses by the United Way of Northern NJ show that a single worker in New Jersey will need \$15 long before 2024 just to meet a minimal “Household Survival Budget” -- and workers supporting children already need \$15 an hour today:

<b>New Jersey United Way Household Survival Budget</b>		
	<b>Single Adult (working full-time)</b>	<b>2 Adults with 2 Children (wage per adult, both working full-time)</b>
2012	\$13.78	\$15.30
2013	\$13.98	\$15.52
2014	\$14.21	\$15.78

2015	\$14.23	\$15.79
2016	\$14.51	\$16.11
2017	\$14.80	\$16.43
2018	\$15.10	\$16.76
2019	\$15.40	\$17.09
2020	\$15.71	\$17.43
2021	\$16.03	\$17.78
2022	\$16.35	\$18.14
2023	\$16.67	\$18.50
2024	\$17.01	\$18.87

Source: [United Way of Northern New Jersey, ALICE: Study of Financial Hardship \(Sept. 2014\)](#). Household Survival budget figures updated for inflation based on BLS Consumer Price Index Calculator for 2013-2015, and projected inflation for 2016-2024.

Second, making the phase-in schedule partially dependent on the CPI introduces unnecessary uncertainty for both workers and businesses. This year workers received no wage increase because inflation under CPI held steady. A set phase-in schedule would allow businesses predictability as they adjust to the higher minimum wage, and would ensure working families get a raise they can depend on.

Third, other comparable states that are moving to adopt \$15 minimum wages are proposing to phase them in far sooner than 2024. New York, California and the District of Columbia are all proposing to raise their minimum wages to \$15 by 2020 or 2021:

<b>\$15 Minimum Wage Proposals in Other States</b>	
<b>State</b>	<b>Phase-in Date</b>
<a href="#">New York – Gov. Andrew Cuomo Budget Proposal</a>	\$15 by July 2021 statewide (by 2018 in NYC)
<a href="#">California – 2016 Ballot Initiative</a>	\$15 by Jan. 2021

<a href="#">Washington, D.C. – 2016 Ballot Initiative</a>	\$15 by July 2020
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**We therefore recommend the following phase-in for the proposed concurrent resolution for a 2017 ballot question, to bring it in line with what workers actually need in New Jersey and what other comparable states are proposing:**

<b>Phase-In for 2017 Ballot Initiative</b>	
January 2018	\$11.00
January 2019	\$12.50
January 2020	\$14.50
January 2021	\$15.00

**Starting in 2022, the minimum wage should continue to be adjusted each year to keep pace with inflation, as is the current practice under the voter-approved 2013 minimum wage constitutional amendment.**

## **2. Tipped Workers**

In addition to accelerating the phase-in, another key fix that we would urge is raising the minimum wage for tipped workers. New Jersey’s protections for tipped workers, such as waitresses, pizza delivery workers, car wash workers, nail salon workers, and airport workers, 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 such employees could be forced to work just for tips.

The reasons for eliminating the outmoded minimum wage exemption for tipped workers are well-established:

- Many of the sectors where workers are paid in part with tips are notorious sweatshop industries such as nail salons, car washes, pizza delivery and airports, where workers are barely scraping by.

- While a small number of tipped workers at high end restaurants earn high incomes, they are not the norm. The average tipped worker in New Jersey is a waitress at an Applebee's or other chain restaurant who earns just a little more than minimum wage even after counting tips. As a result, tipped workers have more than twice the poverty rate of non-tipped workers in New Jersey.
- The lower tipped minimum wage – under which employers are supposed to monitor tipped workers' total weekly compensation and make up the difference if tips fall short of bringing workers up to the full minimum wage – is widely recognized as overly complicated and very difficult to enforce.
- The tipped wage is a key women's economic justice issue. In New Jersey, 70.7% of tipped workers are women, most of them very low-income and many supporting children. Raising the minimum wage for tipped workers is essential for reducing the gender wage gap.
- The tipped wage can be phased out without harming the restaurant industry. Eight U.S. states -- CA, WA, OR, NV, MN, MT, AK and HI -- have eliminated the separate tipped wage – or never had one – and their restaurant business and job growth patterns are indistinguishable from the rest of the nation.
- That's why President Obama, Secretary Clinton, and most Democrats in Congress are backing legislation to phase-out the tipped minimum wage altogether.

<b>Tipped Minimum Wage Comparisons</b>	
New Jersey Minimum Wage	none - 0% of full minimum wage
Other States with No Tipped Minimum Wage	Virginia, Mississippi, Alabama, Louisiana, Tennessee & South Carolina
Federal Minimum Wage	\$2.13
New York	83% of full minimum wage
California, Washington State, Oregon, Nevada, Montana, Alaska, Hawaii & 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

For these reasons, other states are now acting to raise significantly the tipped wage or eliminate it altogether. Last year, New York raised the tipped wage to 83% of the full minimum wage. And 2016 ballot initiatives in Maine and Washington, D.C. are proposing to phase it out altogether.

**We therefore recommend that New Jersey follow these states' lead and include a gradual phase-out of the tipped wage as part of a 2017 \$15 minimum wage ballot initiative to bring it in line with national Democrats' position on this key women's economic justice issue.**

<b>Tipped Wage Phase-Out</b>	
January 2018	\$8.25
January 2019	\$9.50
January 2020	\$10.75
January 2021	\$12
January 2022	\$13.25
January 2023	\$14.50
January 2024	Full minimum wage

### **3. Putting the Question Before Voters**

We applaud the Assembly and Senate for your leadership in recognizing the need for strong action to restore wage growth for New Jersey's working families. An economy reliant on low-wage work harms not only workers and their families, but all of us. The hidden cost of low-wage work in New Jersey – paid for by taxpayers through public assistance and safety net programs to individuals in working families – is estimated at \$3.3 billion a year. And that is not including the state's share of the Earned Income Tax Credit, which boosts the take-home pay of working families who aren't paid enough to make ends meet<sup>1</sup>.

In light of Governor Christie's track record of opposing past smaller minimum wage proposals, seeking to pass this package through the legislature seems unlikely. We therefore respectfully

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<sup>1</sup> [UC Berkeley Center for Labor Research and Education, \*The High Public Cost of Low Wages\* \(Apr. 2015\).](#)

urge the legislature to proceed with a concurrent resolution to place a minimum wage constitutional amendment question before voters for the 2017 election. Taking the matter directly to the voters seems clearly to be the most expeditious and effective way to deliver this badly needed raise.

By adjusting your proposal to phase the minimum wage up to \$15 by 2021, and including protections for tipped workers, New Jersey can join New York, California and other states at the forefront of the national movement for a \$15 minimum wage. Thank you again for your leadership and for considering these recommendations.

Sincerely,

AFSCME, Council 1	Filipino Immigrants & Workers Organizing
American Friends Service Committee, NJ	Project
Anakbayan New Jersey	Food and Water Watch
Anti-Poverty Network of New Jersey	Interfaith Worker Justice
Amalgamated Transit Union NJ State Council	Latin American Legal & Education Defense Fund
Blue Wave New Jersey	Latino Action Network
BMWED-International Brotherhood of Teamsters	Latino Coalition of New Jersey
Committee of Interns & Residents-SEIU	Laundry Workers Center
CWA District 1	Laundry, Distribution, & Food Service Worker
CWA Local 1032	Union, SEIU
CWA Local 1037	Make the Road New Jersey
Council of NJ State College Locals, AFT	Monarch Housing Associates
Environment New Jersey	NAACP New Jersey State Conference
Faith in New Jersey	NAACP - Newark Chapter
New Jersey Policy Perspective	National Employment Law Project
New Jersey State Industrial Union Council	National Organization of Women of NJ
New Jersey Tenants Organization	New Jersey Citizen Action
New Jersey Working Families Alliance	New Jersey Coalition to End Homelessness
New Labor	New Jersey Communities United
New Jersey Foundation for Aging	New Jersey Education Association

New Jersey Immigrant Justice Alliance  
Northern New Jersey NOW  
People's Organization for Progress  
Greater NJ Pride at Work  
Princeton Community Democratic Organization  
Progressive Democrats of America - NJ  
Restaurant Opportunities Center  
Rutgers Future Scholars  
Save Our Schools March  
SEIU 32BJ  
SEIU Local 617  
SEIU, New Jersey State Council  
Sierra Club, New Jersey Chapter

Teamsters, Local 469  
United Food & Commercial Workers, Region 1  
UFCW Local 464A  
UFCW Local 1360  
Unidad Latina en Accion New Jersey  
Union of Rutgers Administrators, AFT Local 1766  
Unitarian Universalist Legislative Ministry of NJ  
United Steelworkers District 4  
Wind of the Spirit  
Workers United Union, SEIU  
Working Families Organization