

NEW JERSEY STATE AFL-CIO

106 West State Street
Trenton, New Jersey 08608

(609) 989-8730

FAX (609) 989-8734

www.njafclcio.org



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May 19, 2016

Dear Members of the Assembly Labor Committee:

RE: Support A-15 (Prieto / Wisniewski): Increases the Minimum Wage

The New Jersey State AFL-CIO thanks Speaker Prieto and Assemblyman Wisniewski for their leadership on this issue. The proposal put forth through A-15 is long overdue.

We would like to focus our comments on two issues – assessing the adequacy of the recommended increase amount - \$15 in 2021 and the effect of increasing the minimum wage on the economy and jobs.

Is \$15 appropriate?

Of the top seven highest cost of living states in the nation – New Jersey, at \$8.38 has the lowest minimum wage. That's right, we are the worst state in the nation when ranked with cost of living.

Furthermore, of the 15 states that have higher minimum wages than New Jersey, half of those states have a lower cost of living than New Jersey.

New Jersey's minimum wage has clearly failed to keep pace with all major components of the cost of living over the past twenty years, with these costs drastically outpacing the value of the minimum wage.

However, perhaps the most startling statistic illustrating the inadequacy of the minimum wage, is that this bill will not even achieve what is considered a "survival wage." A noted Rutgers Economist, William Rodgers, recently pegged the current "New Jersey survival wage" at \$13.78. And keep in mind, cost of living will bring that required amount to over \$16 an hour by the time the law is fully phased in 2021. To put \$15 an hour in context, in five years, when full phased in, the bill before you today won't even be enough to survive on.

Economic & Jobs Impact:

During this debate, we will hear a lot of information about how a minimum wage increase will negatively affect jobs and the economy. We will hear something along the lines of "when you raise labor costs, that money can only come from one of two places: from increased product cost, hurting the consumer or an overall reduction in labor costs, which hurts workers due to layoffs." Of course, this argument conveniently leaves out the third option – profit margins. We are all familiar with the enormous income inequality gap – that it is now the highest in the history of our nation, and that wages have been mostly stagnant for the past 30 years, while profits have increased to astronomical levels. So let's ensure that these vast levels of income inequality is, and profit margins are part of this debate moving forward.

"The Voice for Working Families in New Jersey"

Two states have already passed \$15 minimum wage legislation and additional cities such as Seattle have done so. These elected officials recognize that if we want an economy that is productive, an economy that is growing and if we want a civil society, a just society, then dignity in work is essential and an increase in the minimum wage will help to achieve that.

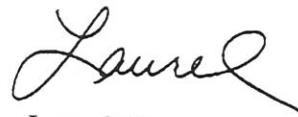
Furthermore, this proposal has broad support from New Jersey residents. The most recent Rutgers – Eagleton Poll on the issue, conducted on March 1, 2016 showed 73% support for a \$15 minimum wage. Just 25 percent said they were opposed to the measure.

Thank you for the opportunity to testify and we respectfully ask for your support.

Sincerely,



Charles Wowkanech
President



Laurel Brennan
Secretary-Treasurer

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OPEIU:153