

Vote Yes on SCR1
Raise the Minimum Wage to \$8.25 with Annual Adjustments Made for Inflation



A Strong Minimum Wage is a Key to Economic Recovery

Workers earning too little to get by cannot provide the spending boost New Jersey's economy needs. Research has shown that with increased earnings of just \$1 more per hour, households spend \$2,800 more a year, and it is estimated to generate about \$195 million in additional economic activity in the state in the first year following the increase (Economic Policy Institute). Increasing the compensation of low-wage workers reduces turnover, boosts worker morale, and encourages employers to invest in training for their workers, and can increase demand for goods and services.

Minimum Wage Workers Live in Poverty

More than a third of all New Jersey households — 1.1 million — are unable to provide the basic necessities of food, housing, transportation, child care and health care (ALICE Report, United Way New Jersey, 2012). In 2012, New Jersey's full time workers making the minimum of \$7.25 an hour earn \$14,500 annually, about \$3,000 below the poverty line for a family of three. Many low-wage workers need to rely on public benefits such as food stamps, Medicaid, and other benefits, all which come at a cost to taxpayers.

Indexing must be a Key Piece of Raising the Minimum Wage

Indexing is critically important to ensure that the buying power of the minimum wage does not erode as it has over the past decades; if New Jersey's 1968 minimum wage of \$1.40 had increased at the rate of inflation, it would already be more than \$10.50 per hour today and in terms of purchasing power, its value is 30 percent lower. Indexing will help to guarantee a consistent wage standard and ensure that it keeps up with inflation and overall wage growth. By annually adjusting the minimum wage to keep pace with the ever-increasing expenses for food, housing, utilities and transportation, families will be able to begin to lift themselves out of poverty.

Raising the Minimum Wage Will Not Cause Higher Unemployment

It is estimated that the \$195 million in additional economic activity (cited above) could lead to the creation of close to 2,500 new full time jobs. US Department of Labor numbers reveal that the eight states that increased their minimum wage in 2012 have had more robust job growth than in states which their was no wage increase. A 2010 study in the Review of Economics and Statistics compared counties across states with differing wage policies and did not find negative employment effects where minimum wages were higher. The majority (66%) of low-wage workers are employed by large corporations, most of which are enjoying strong profits (National Employment Law Project Data Brief, 2012).

Most Minimum Wage Workers are Adults Working Full to Mid-time, Many Struggle to Support Families

Over 80% of minimum wage workers are over the age of 20 and a quarter of workers are parents. Over 90% of NJ workers that would see an indirect wage boost from an increase in the minimum are adults. Almost 45% of NJ minimum wage workers are full-time, with 28% working mid-time (Economic Policy Institute analysis of 2011 Current Population Survey, Outgoing Rotation Group).

Now is the Time, NJ Lags Behind 18 States with Higher Minimum Wage and Lower Cost of Living

New Jersey's wage standards are lower than in other states in the region and across the country. Eighteen states and the District of Columbia have raised their minimum wages above the federal level and most of these states have lower costs of living than New Jersey.