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Give New Jersey's Working Families a Reason to *Really* Give Thanks: Craft a Strong Minimum Wage Increase

This Thanksgiving week, New Jersey's leaders should embrace a surefire way to give the state's working families something to truly be thankful for: a strong minimum wage increase that can help lift these struggling families out of poverty.

Assembly Speaker Sheila Y. Oliver on Monday joined a coalition of low-wage workers, faith leaders, anti-poverty groups, worker groups and other organizations to urge the enactment of a substantial wage increase with automatic annual adjustments tied to cost-of-living increases.

"Having a minimum wage that accurately reflects the state's economic realities is common sense, but also an essential economic stimulus tool that will have an immediate positive effect," said Oliver, who is sponsoring legislation to boost the minimum wage to \$8.50, then make annual adjustments. "As five Nobel Laureates and six past presidents of the American Economic Association have stated in joining hundreds of other economists in supporting an increased minimum wage, a higher minimum wage can significantly improve the lives of low-income workers and their families, without the adverse effects that critics have claimed. It's the right thing to do. That's why I made it a top legislative priority and that's why I will continue to fight for it."

"Putting more money in the wallets of New Jersey's working families does more than improve their lives; it also injects money directly into our economy and helps create jobs," said Phyllis Salowe-Kaye, executive director of New Jersey Citizen Action. "We cannot fall prey to those that argue that 'now is not the time' to raise the minimum wage; we can no longer keep hard working families in poverty."

Tying the minimum wage to inflation will prevent New Jersey's most vulnerable workers from falling behind again as they have in recent years, when wages have stagnated despite skyrocketing prices for food, heat, gasoline, transportation and other essentials. Over the past four decades, the real purchasing power of the minimum wage has eroded by nearly one-third. For example, the federal minimum wage would currently be over \$10 an hour had it kept pace with inflation since 1968.

“If we are serious about giving everyone a shot at rising to the middle class and achieving the American Dream, then we need to quickly advance a meaningful wage increase that keeps pace with the ever-rising cost of living,” New Jersey Policy Perspective senior policy analyst Raymond Castro said. “Given the alarming 24 percent increase in adults and children living in poverty in New Jersey since the Great Recession began, this is not only an economic necessity, it is a matter of fundamental fairness.”

A New Jersey worker earning the minimum wage of \$7.25 per hour who works full time brings home under \$15,000 a year, not nearly enough to survive – much less succeed – in high-cost New Jersey. Many of these low-wage workers are forced to rely on public benefits like food stamps, general assistance and subsidized housing just to fulfill the basic needs of food, clothing and shelter. New Jersey families need to earn *at least* \$48,000 a year just to survive, and that’s in the least expensive counties. The survival threshold in less affordable places to live can rise up to \$72,000 a year. Sustainable budgets that allow families to work into the middle class are nearly double these survival amounts.

“It’s not necessary to be good at math to understand our lives as low-wage seasonal workers,” said former farmworker Zenon Perez Alavez, a member of CATA, the Farmworkers Support Committee. “We ask that our legislators make an effort to increase the minimum wage to be able to overcome the poverty that we find ourselves in. We are only asking for what is fair to be able to survive.”

“Gas prices, food prices, and medical costs are all going up. But what doesn't go up is our pay,” said Juan, who has worked on a vegetable farm in Vineland for 25 years. “When I first started working here, in 1986, gas was selling at 99 cents a gallon. Food also was less expensive. They paid us \$5.25 an hour, which was the minimum wage at that time. Right now, gas is selling at \$3.69 a gallon. Just like gas prices are going up, all our costs go up. But the minimum wage has only increased \$2, to \$7.25. It's not equivalent.”

"An increase in the minimum wage would help me give a better life to my children and would allow me to save more for their education," said Carmen Hernandez, a warehouse worker and mother of two who is an active member of New Labor.

“Today’s minimum wage law keeps poor people poor. This is a moral issue,” said Rev. Sara Lilja, director of Lutheran Office of Governmental Ministry in New Jersey. “When we talk about the injustice of poverty, our state leaders need to understand that only a strong minimum wage policy that increases as living expenses increase will eliminate the cycle of poverty in this state.”

Increasing the minimum wage without incorporating regular cost-of-living adjustments can’t alone lift people out of poverty because the wage’s value would erode in the future as the cost of living rises. New Jersey’s leaders should tie any wage increase to the Consumer Price Index while enabling the Legislature to revisit the level at which the wage is set.

“New Jersey has the second highest foreclosure rate in the nation and is moving toward a 10 percent unemployment rate. It is time to provide working families in New Jersey with direct relief,” Trina Scordo, executive director of NJ Communities United, said. “As housing, food and clothing costs continue to increase, working families lose ground. Raising the minimum wage to \$8.25 is a step in the right direction – but more importantly the increase must take into account increasing costs of living.”

“This issue is about more than just a dollar and a quarter,” said Milly Silva, executive vice president of 1199 SEIU United Healthcare Workers East. “Raising the minimum wage sends a clear message that in New Jersey we value the hard work that our brothers and sisters do day in and day out and we will fight to give working people the dignity of making enough to support their families.”

A strong minimum wage increase would provide a crucial leg up for New Jersey’s working families while also providing a real boost to the state’s ailing economy. If the wage were increased to \$8.50, for example, overall economic activity would increase by \$278 million and the equivalent of 2,420 new full-time jobs would be created – in the first year alone, according to the Economic Policy Institute.

“It makes economic sense to raise the minimum wage, since putting more money in working families’ pockets increases consumer spending without adversely affecting employment,” BlueWaveNJ president Marcia Marley said. “It is estimated that this additional economic activity could lead to the creation of close to 2,500 new full-time jobs.”

Despite the popular mythology that most low-wage workers are teenagers working part-time jobs for extra spending cash, the New Jersey workers who would benefit from raising the minimum wage are mostly adults, many of whom are working full-time and supporting families.

“Women and people of color are the majority of low-wage earners in New Jersey who will be affected by a minimum wage increase,” said Karen White, director of the Working Families Program at the Center for Women and Work at Rutgers University. “Many of these workers are working hard to support their children and to be responsible employees but increasingly find themselves struggling to make ends meet and falling behind as their wages haven’t kept up with rising costs of living.”

“New Jersey’s low-wage workers do not make enough to provide for their children’s health and well-being,” said Diana Autin, executive co-director of the Statewide Parent Advocacy Network, which seeks to empower parents and engage professionals concerned with the education and healthy development of New Jersey’s children. “An increase in New Jersey’s minimum wage is essential to ensure that New Jersey’s children can thrive.”