

STATE OF NEW JERSEY
MINIMUM
WAGE
ADVISORY
COMMISSION



FIFTH ANNUAL REPORT
JANUARY 2012

Commission Members

Harold J. Wirths, Chair
Charles N. Hall, Jr.
Philip Kirschner
Eric E. Richard
JoAnn Trezza

FIFTH ANNUAL REPORT OF THE NEW JERSEY MINIMUM WAGE ADVISORY COMMISSION

December 2011

Pursuant to P.L. 2005, c.70 (C.34: II -56a4.7), the New Jersey Minimum Wage Advisory Commission (referred to herein as the “Commission”) is required to report annually to the Governor and the Legislature on its findings regarding the adequacy of the minimum wage and its recommendations as to the level of the minimum wage. The first annual report was submitted in December 2007, and subsequent reports have been issued annually.

A meeting of the Commission was convened on December 1, 2011 in Trenton, New Jersey, with all Commission members in attendance: Harold J. Wirths, Chair; Charles N. Hall, Jr.; Philip Kirschner; Eric E. Richard and JoAnn Trezza. The Commission reviewed all the evaluation factors specified in the law. These factors are summarized in Appendix A of this report.

Based on discussions at the meeting and a review of all available information by the members, it is the Commission’s recommendation, by a vote of three to two, that the minimum wage rate of \$7.25 per hour remain unchanged for 2012.

The majority of the Commission members reached this conclusion based on three general findings.

1. While recovery from the national economic recession, which began in December 2007, is underway, that recovery is still fragile. New Jersey’s unemployment rate has remained above 9.1 percent for more than a year. Private sector job growth has been steady during the year, but significant growth is needed for New Jersey to reach pre-recession employment levels.

2. An increase in New Jersey's minimum wage at this stage in the recovery may put the state at a competitive disadvantage, particularly in regard to the neighboring states of Pennsylvania, New York and Delaware, where the state minimum hourly wage remains \$7.25. Increasing wages, which will consequently increase business costs, may lead some New Jersey employers to hire fewer workers. It also could harm the Garden State's ability to attract or retain businesses and employment.
3. An increase in the minimum wage could slow the recovery because the higher wage costs would have to be passed on to consumers through higher retail prices, reducing the buying power of consumers.

A minority on the Commission, two members, did not agree with the recommendation. They argued that the existing minimum wage has not kept pace with the cost of living, as measured by the Consumer Price Index, the Statewide Average Weekly Wage and with the costs of housing, food, child care, health care and transportation. The two dissenting members also argued that 18 states have higher minimum wages than New Jersey and that the current minimum wage does not provide an income that allows a family to live above the poverty level.

NEW JERSEY MINIMUM WAGE ADVISORY COMMISSION

Evaluation Factors November 2011

Prepared by:
Office of Analysis and Evaluation
Labor Planning and Analysis
New Jersey Department of Labor and Workforce Development



OVERVIEW

Section A. Background on the Minimum Wage in New Jersey

Section B. Evaluation Factors (as requested by C:34:11 56a4.8)

- 1 & 4 Overall Cost of Living in the State; / Changes in the Purchasing Power of the Minimum Wage
- 2 Changes in the components of the cost of living which have the greatest impact on low-income families, including increase in the cost of housing, food, transportation, health care and child care
- 3 The cost of living in the State compared to that of other states
- 5 Changes in the value of the minimum wage relative to the federal poverty guidelines, the federal lower living standard income level guidelines and the self-sufficiency standards established as goals for State and federal employment and training services pursuant to section 3 of P.L. 1992, c.43 (C.34:15D-3) and section 1 of P.L. 1992, c.48 (C.34.15B-35)

Section A. Background on the Minimum Wage in New Jersey

Federal and New Jersey Minimum Wage History
1992-2011



Section A. Background on the Minimum Wage in New Jersey

Trajectory of Minimum Wage in New Jersey and Selected States

State	2010	2011	2012
New Jersey *	\$7.25	\$7.25	\$7.25
Connecticut	\$8.25	\$8.25	\$8.25
Massachusetts	\$8.00	\$8.00	\$8.00
New York *	\$7.25	\$7.25	\$7.25
Pennsylvania *	\$7.25	\$7.25	\$7.25
Delaware *	\$7.25	\$7.25	\$7.25
California	\$8.00	\$8.00	\$8.00
Federal Minimum Wage	\$7.25	\$7.25	\$7.25

* These states automatically moved to the higher federal minimum wage 7/24/09

Section A. Background on the Minimum Wage in New Jersey

Trajectory of Minimum Wage in States that Currently Index Index to Consumer Price Index (CPI)			
State	2010	2011	2012
Arizona	\$7.25	\$7.35	\$7.65
Colorado	\$7.24	\$7.36	\$7.64
Florida	\$7.25	\$7.31	\$7.67
Missouri	\$7.25	\$7.25	\$7.25
Montana	\$7.25	\$7.35	\$7.65
Nevada*	\$7.25	\$7.25	\$7.25
Ohio	\$7.30	\$7.40	\$7.70
Oregon	\$8.40	\$8.50	\$8.80
Vermont	\$8.06	\$8.15	\$8.46
Washington	\$8.55	\$8.67	\$9.04

*Two tier system, with a lower rate if job provides health insurance coverage

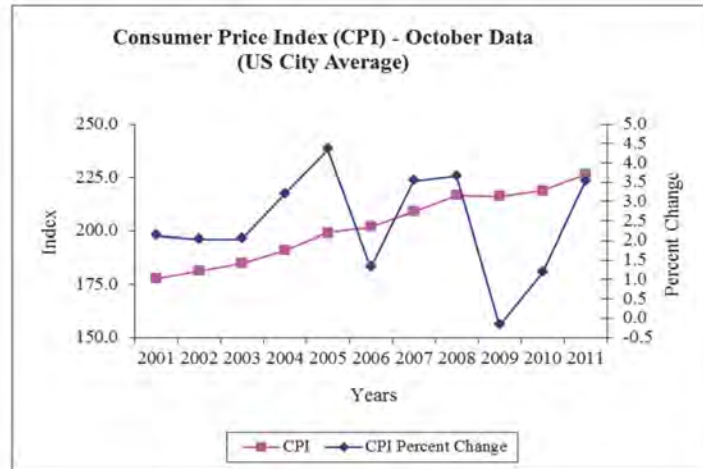
Section A. Background on the Minimum Wage in New Jersey

Characteristics of Hourly Workers by Wage Level: New Jersey, 12-Month Average Ending September 2011							
Characteristics	Total Number of Hourly Wage Workers	Hourly Wage					
		Less than \$7.25		\$7.25		More than \$7.25	
		Number	Percent	Number	Percent	Number	Percent
All hourly workers	1,747,700	68,000	100.0%	39,700	100.0%	1,639,900	100.0%
<i>by Age</i>							
16-21	195,200	16,100	23.7%	16,000	40.2%	163,100	9.9%
22-24	151,600	12,600	18.6%	2,700	6.7%	136,300	8.3%
25-44	704,400	17,400	25.6%	7,000	17.7%	680,000	41.5%
45-64	610,500	19,400	28.6%	12,900	32.5%	578,100	35.3%
65+	86,100	2,500	3.6%	1,100	2.9%	82,500	5.0%
<i>by Sex</i>							
Male	837,900	25,100	36.9%	16,200	40.8%	796,600	48.6%
Female	909,800	42,900	63.1%	23,500	59.2%	843,400	51.4%
<i>by Education</i>							
Less than high school	231,900	18,200	26.7%	15,700	39.6%	198,000	12.1%
High school diploma	651,200	19,700	29.0%	9,000	22.7%	622,500	38.0%
Some college/Associate degree	502,800	23,400	34.3%	15,000	37.6%	464,500	28.3%
College graduate	361,700	6,800	9.9%	0	0.0%	355,000	21.6%
<i>by Race</i>							
White	1,375,900	51,400	75.6%	27,200	68.4%	1,297,300	79.1%
Black	220,400	9,700	14.3%	5,300	13.3%	205,400	12.5%
Other races	114,900	6,900	10.1%	7,300	18.3%	100,700	6.1%
Multiracial	36,600	0	0.0%	0	0.0%	36,600	2.2%

Source: Current Population Survey (CPS) Earnings Microdata, October 2010 to September 2011.
Prepared by NJ Department of Labor and Workforce Development, Div. of Labor Market & Demographic Research, 11/16/2011.

Section B. Evaluation Factors

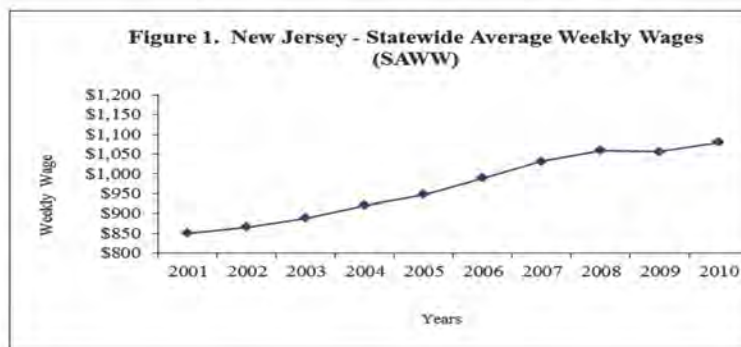
1&4. Overall Cost of Living in the State / Changes In Purchasing Power of the Minimum Wage



Source: Bureau of Labor Statistics U.S. Department of Labor.

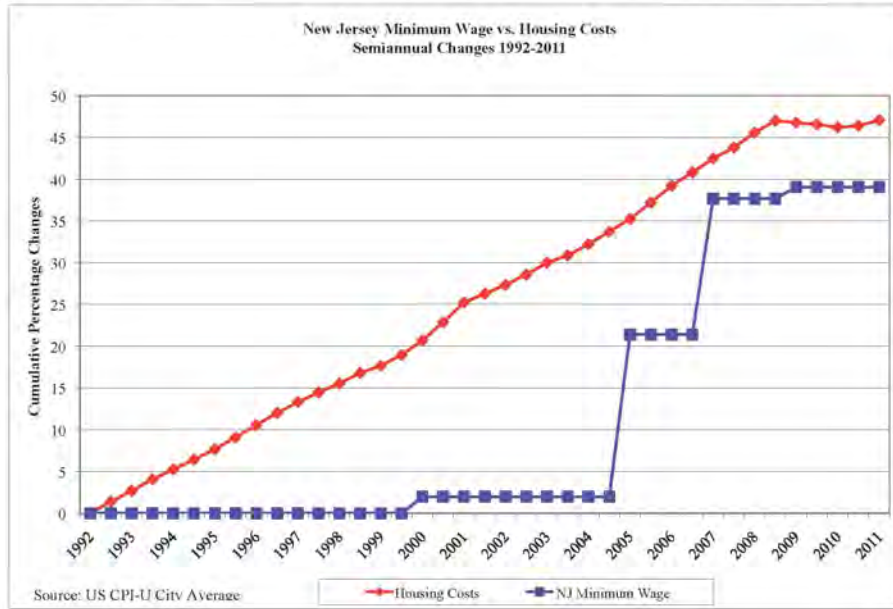
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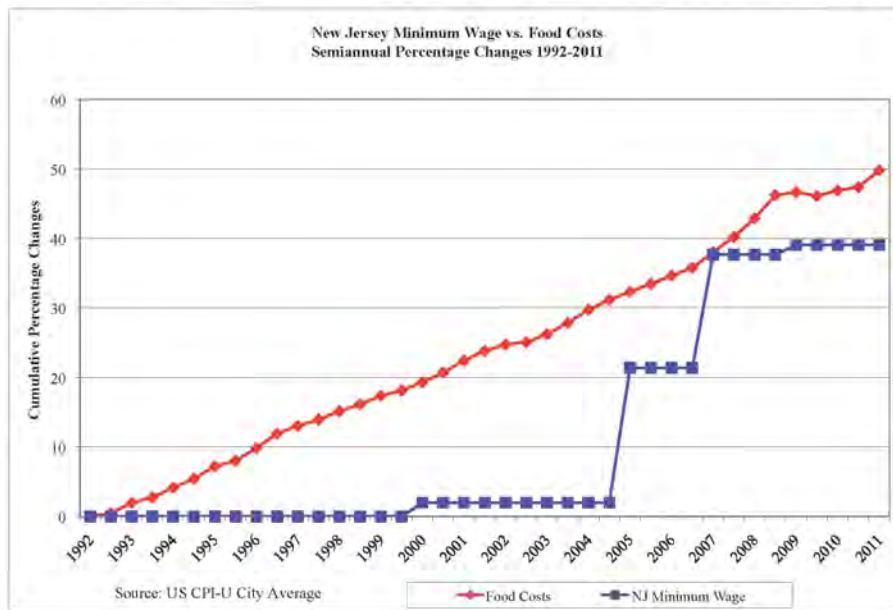


Source: New Jersey Department of Labor and Workforce Development

Section B. Evaluation Factors 2. Changes in the Components of the Cost of Living



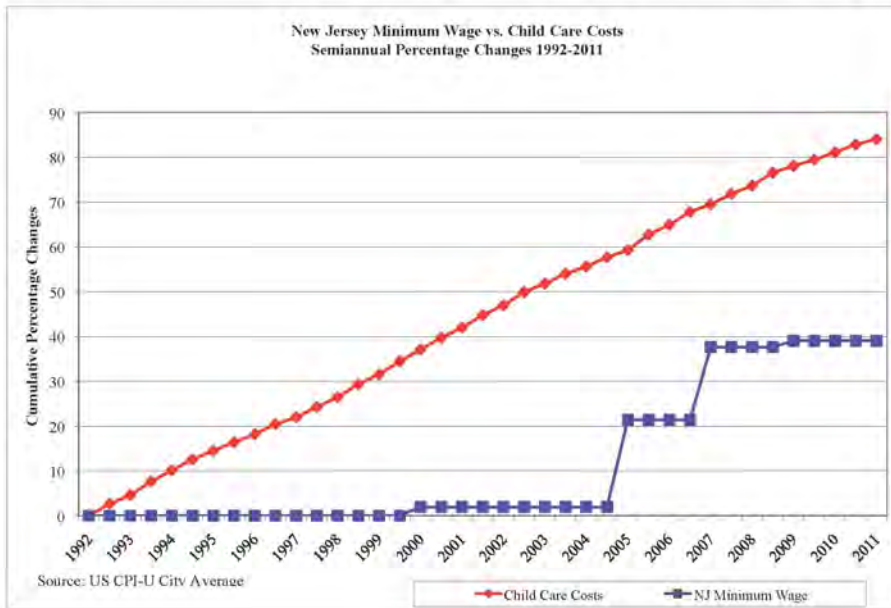
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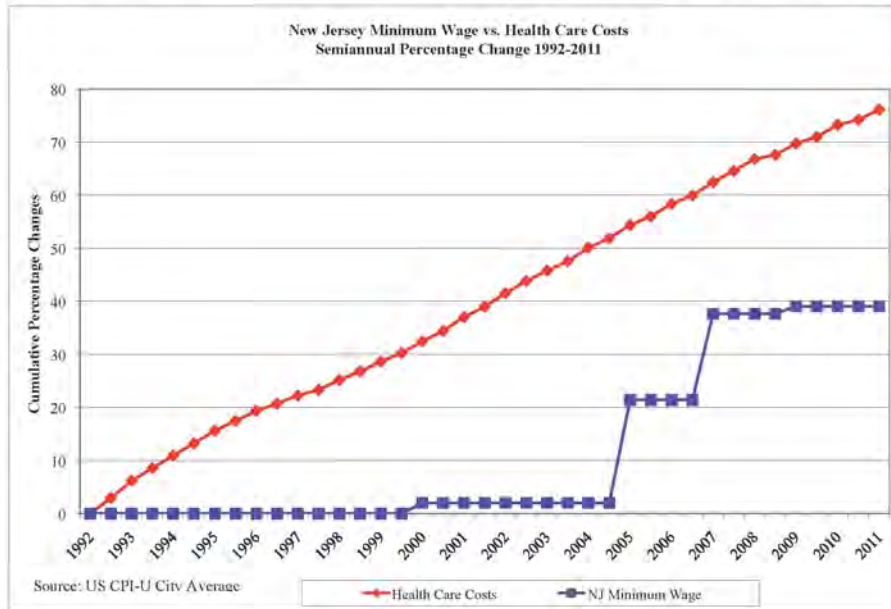
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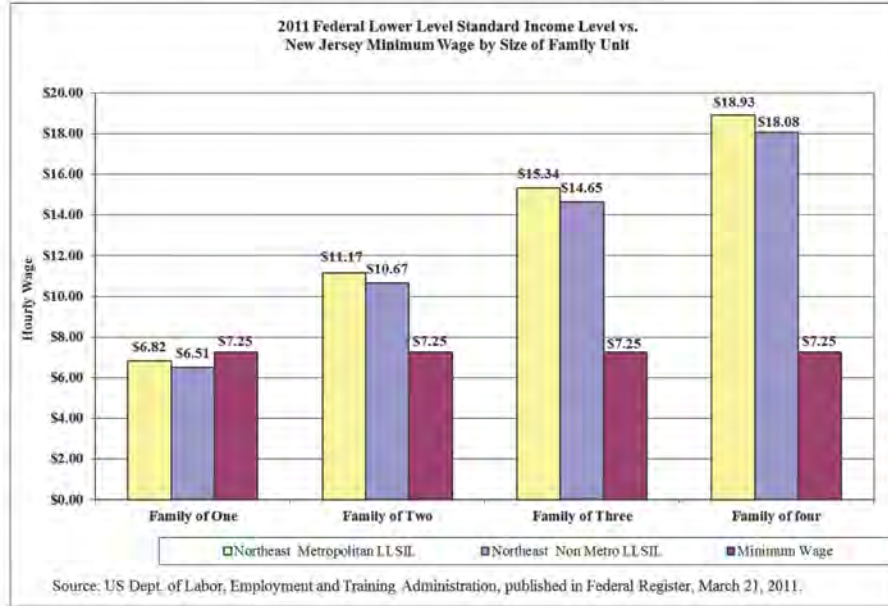


Section B. Evaluation Factors 3. The Cost of Living in the State Compared to Other States

Cost of Living Index, Third Quarter 2011, Selected Metropolitan Areas							
Metropolitan Areas	Composite index (100%)	Grocery items (13.3%)	Housing (29.3%)	Utilities (10.2%)	Transportation (9.9%)	Health care (4.2%)	Miscellaneous goods and services (33.1%)
Delaware							
Dover, Delaware	100.9	115.5	86.3	111.8	99.3	105.6	104.6
Wilmington, Delaware	107.9	112.7	108.3	119.1	99.8	108.9	104.3
DE Average	104.4	114.1	97.3	115.5	99.6	107.3	104.5
New Jersey							
Middlesex-Monmouth, New Jersey	124.8	110.9	147.8	134.8	104.4	109.9	115.1
Newark-Elizabeth, New Jersey	131.7	102.4	172.0	135.3	106.3	101.0	118.2
Bergen-Passaic, New Jersey	127.8	102.1	160.9	135.1	107.1	101.6	116.2
NJ Average	128.1	105.1	160.2	135.1	105.9	104.2	116.5
New York							
Albany, New York	110.9	105.1	115.2	101.2	102.6	107.5	115.3
Nassau County, New York	139.0	118.8	186.8	142.0	106.5	114.4	116.8
New York (Manhattan), New York	223.9	148.9	426.5	131.4	127.5	127.1	144.4
New York (Queens), New York	154.4	128.2	242.9	130.1	110.5	116.1	112.1
Rochester, New York	98.4	94.9	94.4	109.1	103.6	103.1	97.7
NY Average	145.3	119.2	213.2	122.8	110.1	113.6	117.3
Pennsylvania							
Allentown, Pennsylvania	105.5	103.3	109.1	111.9	99.7	106.0	103.0
Philadelphia, Pennsylvania	123.8	123.2	139.8	126.0	105.9	102.9	117.3
Pittsburgh, Pennsylvania	95.1	104.3	77.7	103.8	109.1	94.7	99.9
PA Average	108.1	110.3	108.9	113.9	104.9	101.2	106.7

Note: The minimum wage in each of the 4 states is currently \$7.25.

Section B. Evaluation Factors 5. Changes in the Value of the Minimum Wage



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