
Public Hearing

before

SENATE LABOR COMMITTEE

SENATE CONCURRENT RESOLUTION NO. 1

*(Amends Constitution to set minimum wage at \$8.25 per hour
with annual adjustments for inflation)*

LOCATION: Committee Room 6
State House Annex
Trenton, New Jersey

DATE: October 22, 2012
10:00 a.m.

MEMBERS OF COMMITTEE PRESENT:

Senator Fred H. Madden Jr., Chair
Senator Richard J. Codey, Vice Chair
Senator Sandra B. Cunningham
Senator Dawn Marie Addiego
Senator Anthony R. Bucco



ALSO PRESENT:

Gregory L. Williams
*Office of Legislative Services
Committee Aide*

Marcela Maziarz
*Senate Majority
Committee Aide*

Bill Murray
*Senate Republican
Committee Aide*

***Hearing Recorded and Transcribed by
The Office of Legislative Services, Public Information Office,
Hearing Unit, State House Annex, PO 068, Trenton, New Jersey***

TABLE OF CONTENTS

	<u>Page</u>
Stefanie Riehl Assistant Vice President Employment and Labor Policy New Jersey Business and Industry Association	3
Michael Egenton Senior Vice President Government Relations New Jersey State Chamber of Commerce	5
Mary Ellen Peppard Assistant Vice President Government Affairs New Jersey Food Council	6
John Holub President New Jersey Retail Merchants Association	7
Laurie Ehlbeck State Director National Federation of Independent Business/New Jersey	17
Diane Walsh Vice President Government Affairs/Communications Commerce and Industry Association of New Jersey	21
Ed Wengryn Representing New Jersey Farm Bureau	25
Beth Schroeder Buonsante Associate Director Government Relations New Jersey Education Association	28

TABLE OF CONTENTS (continued)

	<u>Page</u>
Dena Mottola Jaborska Director of Organizing and Strategic Program Development New Jersey Citizen Action, and Representing Time to Care Coalition	29
Eric Richard Legislative Affairs Coordinator New Jersey State AFL-CIO	31
Jon Erickson Representing American Federation of Teachers New Jersey, and Council of New Jersey State College Locals	34
James Bennett Representing New Jersey Licensed Beverage Association	35
Alexa Malishchak Organizer C.A.T.A., Comité de Apoyo a los Trabajadores Agrícolas The Farmworkers' Support Committee	42
Alberto Ramirez Private Citizen	43
APPENDIX:	
Report submitted by Senate Labor Committee	1x
Letter addressed to Senate Labor Committee from Stefanie Riehl	2x
Testimony submitted by Michael Egenton	4x

TABLE OF CONTENTS (continued)

APPENDIX (continued):

	<u>Page</u>
Letter addressed to Senate Labor Committee from Mary Ellen Peppard	5x
Testimony submitted by Laurie Ehlbeck	7x
Letter addressed to Senate Labor Committee from Diane Walsh	10x
Statement submitted by Beth Schroeder Buonsante	12x
Testimony submitted by Dena Mottola Jaborska	13x
Letter addressed to Senate Labor Committee from Eric Richard	15x
Testimony submitted by James Bennett	17x
Testimony submitted by Alexa Malishchak	20x
Letter addressed to Senate Labor Committee from Bill Mullens President New Jersey State Building and Construction Trades Council	31x

TABLE OF CONTENTS (continued)

APPENDIX (continued):

	<u>Page</u>
Testimony submitted by Kathleen A. Davis Executive Vice President and Chief Operating Officer Chamber of Commerce Southern New Jersey	33x
rs: 1-47	

SENATOR FRED H. MADDEN JR., (Chair): Good morning, ladies and gentlemen. Welcome to today's hearing and meeting of the Senate Labor Committee.

Today is October 22. The time is approximately 10:15.

May I have a roll call vote, please?

MR. WILLIAMS (Committee Aide): Yes, Mr. Chairman.

SENATOR MADDEN: Just a roll call; no vote.

SENATOR BUCCO: Here.

MR. WILLIAMS: Senator Addiego.

SENATOR ADDIEGO: Here.

MR. WILLIAMS: Senator Cunningham.

SENATOR CUNNINGHAM: Here.

MR. WILLIAMS: Vice Chairman Codey. (no response)
Chairman Madden.

SENATOR MADDEN: Here.

Thank you, ladies and gentlemen.

Point of order here: Senate Bill 2188 requires employer notification when relocating call center services outside of the United States. The primary sponsor is Senator Gordon, co-prime is Senate Majority Leader Weinberg. That bill is being held today. We will be taking no testimony, nor will we be voting on that bill today.

That moves us on to the second leg of our agenda. We'll be holding a public hearing as it relates to Senate Concurrent Resolution No. 1. The hearing that we will be holding is a public hearing in accordance with Rule No. 24:3 of the New Jersey Senate.

SCR-1 amends the Constitution to set the minimum wage at \$8.25 per hour with annual adjustments for inflation. The primary sponsor is Senate President Stephen Sweeney.

Regarding SCR-1, may I have the statement read for the record, please?

MR. WILLIAMS: This is with regard to a Senate Committee Substitute of the Senate Budget and Appropriations Committee. It proposes a constitutional amendment that, if approved by the voters of this state, would set a minimum wage at a rate in effect under the State minimum wage law or at \$8.25, whichever is more, and then provide an annual cost of living increase based on increases of the Consumer Price Index. The cost of living increases would be added to the initial rates and any subsequent increases in the minimum wage rate made by law. Also, if the Federal minimum wage rate is raised above the State rate, the State rate would be raised to match the Federal rate. Future cost of living increases would then be added to that rate.

SENATOR MADDEN: Any comments or questions from members of the Committee? (no response)

This thing just fell apart. (referring to PA microphone)

Can you hear me okay? Can everyone in the audience hear me okay? (affirmative responses)

I just have a point of order here. I have a slip regarding opposition to the minimum wage bill. It's from the Business Coalition: NJBIA, New Jersey Chamber, the Food Council, Farm Bureau, NFIB, CIA New Jersey.

Now, how many people from the Business Coalition are expecting to testify?

Stefanie, you're here. Is it just yourself on behalf of the Coalition?

UNIDENTIFIED SPEAKER FROM AUDIENCE:
(indiscernible)

SENATOR MADDEN: Are there more than four?

UNIDENTIFIED SPEAKER FROM AUDIENCE:
(indiscernible)

SENATOR MADDEN: I have four chairs, so why don't you just get yourself and three of your members and come on up, and we'll get started here?

Okay, we will start with the Business and Industry Association. Each one of you, when called upon, if you could state your name for the record and then commence your testimony. You've been here a number of times. I just ask, if you have written testimony please paraphrase and just not read pages to us.

So we will start with Stefanie Riehl.

S T E F A N I E R I E H L: Good morning, Mr. Chairman, members of the Committee.

Thank you very much for accommodating us. We sought to go up as a block because you have heard from us before on this issue, and we wanted to be considerate of the Committee's time and the members of the public who would want to testify as well.

With that said, we've spoken in the past about the fact that people are struggling. And we've explained that we feel the way to truly

help people is through better workforce training and not through an artificial wage increase.

But that said, now this issue has taken on even more significance since you're considering a proposal to include a wage hike in our Constitution. Our main concern with doing that is that if a wage hike is included in the Constitution, it takes away power from the Legislature to respond in an emergency situation.

For very good reason it's difficult to change the Constitution, as you know. And with the economy being as volatile as it is, we feel that it's critical that you, as a Legislature, retain your power to adjust to market conditions. We're also concerned that by including this policy issue in the Constitution, our State runs the risk of-- (PA microphone malfunction)

SENATOR MADDEN: Go ahead. I think I may have hit a button.

MS. RIEHL: I didn't know if I was getting the hook. (laughter)

SENATOR MADDEN: It wasn't intentional, no. (laughter)

MS. RIEHL: Because I know you all know where we stand.

Thank you.

We're also concerned that by including this policy issue in the Constitution, we run the risk of becoming like other states that frequently open up their constitutions when matters can't be settled legislatively. So just as a quick example: Washington state's constitution has been amended 102 times, 4 of those times were in 2007 alone. And California's constitution has been amended over 500 times, and is now eight times the length of the U.S. Constitution. And we think it's for that reason that so

few states actually include a minimum wage in their constitutions; and the rest settle the issue legislatively.

We again thank you for your consideration of these concerns and are available to answer any questions you may have.

SENATOR MADDEN: Thank you.

Go ahead, Mike.

MICHAEL EGENTON: Good morning, Chairman Madden.

I'm Michael Egenton, Senior Vice President, New Jersey State Chamber of Commerce.

We also oppose SCR-1, the proposed amendment to the State Constitution via a ballot question that would raise the minimum wage to \$8.25 and tie the increase directly to the Consumer Price Index.

Just to reiterate what Stefanie said, the State Constitution should not be used in any manner to determine public policy and will set a bad precedent. The State Chamber believes the legislative process has always, and will continue to be, a productive and effective way of negotiating public policy issues, particularly if they are contentious.

Our members grapple every day with rising healthcare costs, taxes, excessive regulations, and other hurdles. A CPI-connected minimum wage increase does not take these and other unforeseen economic conditions into consideration.

Of course, when our members are forced to make tough financial, fiscal decisions to meet their bottom line, it directly impacts their overall operations, whether they're prepared for it or not. How do they handle these challenges? They respond by raising prices, which ultimately gets passed on to the consumer; they respond by scaling back the hours of

current employees; they respond by not hiring additional employees, because they cannot adjust their operating budgets based on their specific economic conditions.

Finally, we would ask our policymakers here to work on initiatives that continue to make New Jersey competitive, create new jobs, and retain employers who call New Jersey home. It is through the Legislature, and many times on a bipartisan basis, that have successfully worked on and passed several pro-business initiatives that have brought about optimism in the business community. Let's please continue that momentum.

We respectfully oppose SCR-1 and appreciate you taking our views into consideration.

SENATOR MADDEN: Okay.

I have one quick question, if I could jump back to Stefanie. The states -- you mentioned California having all the amendments to its constitution. There was another state prior to that. What state was it?

MS. RIEHL: Yes, Mr. Chairman, Washington state.

SENATOR MADDEN: Thank you.

Your name and organization.

MARY ELLEN PEPPARD: Thank you, Chairman, members of the Committee.

Mary Ellen Peppard, with the New Jersey Food Council.

I'd like to echo my colleagues' comments. I also have written testimony, so I wouldn't want to take up too much of your time.

I'd like to just point out that our industry operates on very tight margins -- the food retail industry. And minimum wage increases

reduce access to entry-level jobs, particularly in labor-intensive industries such as ours. And the food retail industry is very dependent on teens, and retirees, and seasonal workers. So we are very concerned about our members not being able to absorb this difficult cost. We're concerned that they're going to have to make those tough choices such as laying off workers, scaling back hours, or reducing benefits.

We've actually-- Since 2010, three major supermarket chains have closed over 30 stores in New Jersey. Our members are struggling with rising healthcare costs, gas prices, toll increases. They just tell us they cannot absorb this type of increase at this time.

We did a survey in the spring, when this issue started coming up, with our members and asked them what the results would be of this type of increase. And about half of our members said that this proposal would impact their hiring decisions. This would result in layoffs. And two-thirds said that they expected costs to increase on all of the wage earners -- not just those who make the minimum wage, but on the -- because it would raise the floor. We also have a lot of union employees in our industry, and this would essentially force the floor to be higher, and they would have to renegotiate those contracts.

And I would just also like to reiterate our concern about the -- tying it to the CPI and having this as part of the constitutional amendment. And we just ask you to reconsider doing this at this time.

Thank you very much.

SENATOR MADDEN: John.

J O H N H O L U B: Thank you, Mr. Chairman, members of the Committee.

My name is John Holub. I'm President of the New Jersey Retail Merchants Association.

The retail industry in New Jersey directly supports over 750,000 in this state. When you factor in the other jobs that we indirectly support, that puts it well in excess of 1 million jobs in New Jersey supported by retail. So obviously this issue has a tremendous -- is of tremendous concern to us and will have a tremendous impact on our industry.

One point I think I would like to make in addition to what my colleagues have already mentioned -- and it's actually more addressing one of the major points that I think proponents of this initiative are discussing -- is the economic stimulus aspect of this. I can assure you this is not an economic stimulus. If it was, my members, my Association, myself -- we would be first in line in supporting this initiative. Seventy percent of all economic activity revolves around consumer spending. So obviously retail plays a tremendous impact in this. And obviously any kind of economic stimulus -- we would benefit probably the most out of anybody. What this will do will only guarantee-- The only guarantee that retailers will receive is that their operational costs, their labor costs will increase. There is no guarantee that they will receive an equal amount of increase in retail sales. So I don't understand how you can have an economic stimulus when it's going to actually cost the business more to operate, with no guarantee of any type of return.

So with that, I'd be happy to answer any questions.

SENATOR MADDEN: I just have-- I just want to jump back, because it seemed like it was a point of impact. If I can go right back to

Stefanie's comment about the amendments to the constitution within the state of Washington and all the amendments in the state of California.

And that was during your testimony regarding the minimum wage being tied in with our Constitution.

In either state or both states, were those amendments that you were referring to have to do with the minimum wage in those states? When you said minimum wage and the amendments to their constitution, it indicates that there were constitutional amendments made as a result of minimum wage in their constitution.

Could you clarify what you meant by that, Stefanie?

MS. RIEHL: Yes, of course, Mr. Chairman. Our point was that those states are states that don't settle policy issues legislatively in all cases. And our point is that it may be a slippery slope once you begin to open up our Constitution as those states have done. But the states that have addressed minimum wage increases through their constitution, interestingly enough, are Colorado, Florida, Nevada, and Ohio.

SENATOR MADDEN: Have there been any problems in those four states regarding all the amendments?

MS. RIEHL: Well, the danger, again, that we feel that we run when we start opening up the Constitution is that we have a document right now that is a good model, that is a model for other states. It's clean, it's clear, it's crisp. And as we start inserting other policy issues, we're concerned that we start to lose some of the impact.

And if I could, just very quickly, there are two professors from Sacramento State University and the UC School of Law who have talked about how complicated the process in California has become. And they say

instead of a transparent constitution that citizens can understand and use, California has clutter and dysfunction eight times the length of the U.S. Constitution. It's more about legal technicalities than principles. And it's an embarrassment for an otherwise cutting-edge state. And so that's our concern.

SENATOR MADDEN: Okay. But again, for the record, with all the amendments that California has in their constitution, California does not constitutionally require a minimum wage nor a minimum wage with a CPI adjustment, correct?

MS. RIEHL: You are correct. Not through their constitution, Mr. Chairman.

SENATOR MADDEN: And the other state that you're referring to -- the state of Washington-- Does that state have a constitutional minimum wage mandate?

MS. RIEHL: No. What's interesting about that state, to the best of my knowledge and research, is that the minimum wage is not established in the constitution. But at one point there was a CPI voted on by the people.

SENATOR MADDEN: Okay.

Any questions or comments from members of the Committee?

Senator Cunningham.

SENATOR CUNNINGHAM: This is for Stefanie, just for interest.

The first Constitution for New Jersey was adopted in 1776, and then it was amended again in 1844, again in 1947. We're now in 2012. It just seems to me, when we're talking about asking a family of three people

to live on \$15,000 a year in the State of New Jersey, it's fine to amend the Constitution in 2012.

MS. RIEHL: Would you like me to respond?

SENATOR CUNNINGHAM: I'm just making a statement.

MS. RIEHL: Okay.

SENATOR MADDEN: Senator Bucco.

SENATOR BUCCO: Thank you, Mr. Chairman.

I understand what Senator Cunningham is saying -- that the wage of \$15,000 is not a hell of a lot here in the State of New Jersey to live on. But I think you also have to look at the other side of the equation, because this is a double-edged sword, as someone had mentioned. And as a business person -- speaking as a business person, not as a Senator, not as a Republican -- I'm talking as a business person -- that when you cut into the margins of our businesses without knowing that we're going to increase our sales, you're cutting back on the profitability of a company. And when a company starts losing profitability and starts having their margins reduced, we do one of two things. We either go out of business or we look to move where we can keep our margins and make money. And that's the problem with this.

Again, I agree with you, \$15,000 isn't a hell of a lot for the State of New Jersey. But by the same token, putting it in the Constitution is a -- is, to me, the wrong move to make, number one, because-- First of all, with doing this amendment and putting it in the Constitution, the pay raise does not go through until January of 2014. So you're not helping anybody immediately. And secondly, putting it on the CPI, again, I think is the wrong move to do it for the rest of the (indiscernible) -- of putting it on

the CPI. Maybe with a limited CPI, in years, would be a better idea so that people can plan better -- business people can plan better what they want to do.

That's my comment with it. And we look forward to hearing other people testify.

SENATOR MADDEN: Thank you.

SENATOR ADDIEGO: Mr. Chair.

SENATOR MADDEN: Senator Addiego.

SENATOR ADDIEGO: First of all I'd like to say that, number one, I don't mind having a discussion with all the parties with regard to this issue. It is an important issue.

Again, as I had said before in our last hearing, my concern is the timing and the state of the economy of the State of New Jersey. But my real concern about this particular aspect is the constitutional amendment part of it without first having -- or attempting to do this legislatively. Because my concern is -- and maybe you can help me with this -- is that it kind of ties our hands to be able to react to different economic indicators.

Talk to me just for a moment about business. If we do the constitutional amendment, our hands are tied. If we don't do it, and we do it legislatively, it gives-- Can you talk to me a little bit about the timing of when something happens economically -- that a business needs to react or we need to react?

MS. RIEHL: Through you, Mr. Chairman -- to your point, Senator Addiego, and also to the statement made by Senator Cunningham, it's procedurally very difficult to amend the Constitution, as we stated in our testimony, and for good reason. So we are concerned that this could tie

your hands. We're in an unprecedented economic times. We see the Dow goes up 100, we see the Dow goes down 100 points, we see it goes up 50, we see it goes down 75. So no one really knows when we are going to be fully recovered, I would argue.

And just from a procedural standpoint, the requirements that have to be met in order to amend the Constitution would be three-fifths of total membership vote in both houses -- 24 votes in the Senate, 48 in the Assembly, or a majority vote in two successive years; as well as a 20-day holdover period before the amendment can be heard on the floor; a public hearing, notice in newspapers at least three months prior to the election. So just procedurally speaking, taking apart the policy discussion here, it's very difficult to react quickly once you have something in the Constitution if changes need to be made.

SENATOR MADDEN: Welcome.

Any questions?

SENATOR CODEY: I'm sorry I'm late. I still can't figure out why 280 was all backed up, but that's life. (laughter)

When I was Governor in '05, '06 -- whenever the heck it was -- we raised the minimum wage. Because I think at the time we were below Mississippi. And the Earth didn't fall, businesses didn't close, whatever. And we moved on. I think it was a reasonable thing to do. We raised it to, what, \$7.25? Am I correct? (affirmative responses)

So now we're six years later -- whatever it is, five years later -- and it's time. And for people to say it's a bad economy -- yes, it's bad for all of us, whether you're making \$7.25, or whatever.

Now, I do agree that we should let it -- try to happen legislatively. If the Governor knocks it down, put it on the referendum. But I do think for all those people out there who are suffering making \$7.25, no benefits -- they deserve something. And those are the people who -- you walk into the department store -- they're making \$7, \$8 an hour, no benefits -- the security guards at those places. Those are secondary jobs because they don't make enough for their family. And I think we should feel for those people and recognize that we need to do something since it's been that five-year, six-year window since we did it the last time.

I just think it's being reasonable. But I would like to see it tried -- even if there is an agreement with the Governor there's no CPI, I would go forward for the time being with that.

That's all I can say.

SENATOR BUCCO: Mr. Chairman.

SENATOR MADDEN: Senator Bucco.

SENATOR BUCCO: Thank you.

Governor Codey, Senator Codey, I'd like to answer something on that. And I think we all have said that so far -- that the minimum wage is not sufficient to live in the State of New Jersey. But tying it into the Constitution, and tying it to a CPI is not the proper way to go, as I had testified. I don't know if you were here when I was -- when I made my statement.

But you said we raised it when you were Governor and the sky didn't fall. You're right, the sky does not fall when the law goes into effect. But I will tell you what. The skies darken. They darken to the point where companies looking to either move into the state or stay here in the state are

very concerned about the regulations, about the minimum wage, about all the contributing factors of doing business in the state. And I'm just going to tell you from my own experience as a business person, in the last year at DCI in Newark, 250 people moved to Chicago; Home Care, in Passaic, 200 people moved to Virginia; ICI, Marlboro, 150 people moved to North Carolina; (indiscernible) in Rockaway, 150 people moved to Delaware. This is only in this last year. Air Products, out of Edison, 200 people moved to Tennessee; and you even have Hoffman La Roche moving out of our state. It's not that the sky is going to fall if we raise the minimum wage tomorrow, but it's a cumulative effect of what we are doing to businesses in this state.

SENATOR CODEY: The only thing I would say, Senator, in all due respect, there is no empirical data that shows those companies moved out because we raised the minimum wage to \$7.25.

SENATOR BUCCO: It's not the minimum wage--

SENATOR CODEY: To say Hoffman La Roche--

SENATOR BUCCO: It's a cumulative effect of all the regulations we put--

SENATOR CODEY: To say Hoffman La Roche moved out because of the minimum wage is really outrageous. There are a lot of factors that went into that.

SENATOR BUCCO: I didn't say that. I said it's a cumulative effective of all the regulations that we put on businesses. I said that I don't think \$7.25 is a livable wage here in the State of New Jersey. I don't think the way it's going, at this point, is the proper way of doing it.

SENATOR ADDIEGO: Mr. Chair.

SENATOR MADDEN: Senator Addiego.

SENATOR ADDIEGO: Just to get back to what Governor Codey said, I believe you did it in a graduated manner. Is that correct? The minimum wage was--

SENATOR CODEY: Yes, it was-- I don't know. I forget the period of time though.

MR. EGENTON: It was \$1, I think the first year, and then \$1--

MS. RIEHL: Through you, Mr. Chairman.

SENATOR CODEY: I think it was \$5 -- was it \$5-something?

MS. RIEHL: You started out with it being graduated, Governor. And what happened was, in the process of it gradually increasing, the Feds increased their minimum wage. So I think we got to \$7.15 here in New Jersey. And then the Federal minimum wage kicked up to \$7.25, so then you automatically increased to comply with Federal.

SENATOR CODEY: What is the Federal standard?

MS. MAZIARZ (Committee Aide): It's \$7.25.

SENATOR CODEY: Right now it's \$7.25.

Because we, historically -- and I've been down here long enough to be history -- is that we're always ahead of the Federal, because when we factor in the cost of living between the other states and a few other states like us, it's not fair. Our cost of living is much higher than the deep south and other states. So we have always been higher than the Federal minimum wage, and for good reason. Because when you take in the cost of living, it's not fair to New Jerseyans who are in those low-end working jobs.

SENATOR ADDIEGO: Again, thank you. Because it's nice having-- I think we need to move forward on this issue in a bipartisan manner, having these discussions and seeing what has worked in the past, what didn't work in the past, what would be best for New Jersey's future.

Again, my concern with regard to this bill is the fact that it's a constitutional amendment and it's tied to the CPI, and then tying the Legislature's hands.

Thank you.

SENATOR MADDEN: Now, I have four here. There were two more in your group.

Actually, John, you jumped in. You're number seven, I guess. (laughter) I noticed that. Did you take someone's place? I have two seats.

What's going on? Who do you have coming up next in your panel?

MR. HOLUB: NFIB and Commerce and Industry -- oh, the Farm--

SENATOR MADDEN: The Farm Bureau, NFIB, CIANJ.

And after this panel is Beth Schroeder Buonsante. Are you in the audience -- NJEA? (affirmative response)

L A U R I E E H L B E C K: Thank you for the opportunity to talk to you.

I represent NFIB, the small business community.

I think that I have a unique perspective on this issue, because I represent the very smallest of businesses in New Jersey. Most of my members have five or fewer employees, and most minimum wage jobs are

offered by small businesses. And therefore, this proposal will disproportionately affect my members.

Small business accounts for over 50 percent of all the jobs in New Jersey, and over 65 percent of new jobs. Small businesses, right now, have been pushed to the very limit and are struggling to survive. They have little wiggle room in their budget to increase the cost of running their businesses. In a recent poll of my members done in the spring -- indicate that they will be forced to let their skilled employees go because their payroll is their biggest expense and one of the very few that they can control.

Studies show that minimum wage increases have been proven to reduce job opportunities for our least-skilled workers. The workers the minimum wage is meant to help will become the casualties.

My members also believe that an increase in the minimum wage will raise consumer prices on goods and services. Just because the cost of payroll increases does not mean that more money is coming in. We're asking you to vote no today on this legislation that will remove the flexibility of small business owners to decide how much to compensate their employees.

A better strategy probably would be for lawmakers to focus this year on making New Jersey the most attractive state in the region in which to create new jobs. That means taxes that are lower and stable, and a more sensible regulatory structure that protects the public without punishing the employers.

I thank you for your time, and I'd be happy to answer any questions.

SENATOR MADDEN: If I may, real quick, Laurie--

MS. EHLBECK: Sure.

SENATOR MADDEN: You said-- Could you quote the numbers again from the small business?

MS. EHLBECK: According to the SBA, 50 percent of all new jobs in New Jersey and 65 percent of new jobs are small business.

SENATOR MADDEN: If the minimum wage was increased, the primary beneficiaries of that are the lower-wage workers. The readings I received indicate that between the individuals who are making minimum wage and the individuals who are making less than minimum wage -- the total of all those employees -- a little over 100,000 -- actually represent less than 3 percent of the workforce in New Jersey. Does that sound like it's a number that you've seen before or something close to that?

MS. EHLBECK: I honestly couldn't speak to that number.

SENATOR MADDEN: The other measure was this: that on average, with the minimum wage worker, they could recognize just under \$1,000 a year -- maybe about \$800 a year, I believe it was -- in their pocket, of which the population of people being affected by the minimum wage actually spend the money. They don't save it, they buy things. The argument is that this actually will help the small business owners because they would be the recipients, largely, of some of this money, thus creating -- potentially creating jobs in the small business area.

Have you seen any writings, or has that discussion been put on the table in your association? If so, could you comment on that?

MS. EHLBECK: Sure. In talking to my members, they say that they can't -- they're not in the position where they could increase the

cost of their services or their product. So the economy just won't stand that right now. So their only alternative would be to not hire a new employee, to maybe let some employees go, or to reduce certain benefits that they offer their employees in order to make their payroll.

SENATOR MADDEN: If there was an increase in volume of traffic because people had money to spend, and they arrived at the door of that small business, that would be beneficial for the business owner, would it not?

MS. EHLBECK: I think that's where we see things differently. Because my members believe that an increase in their payroll will ultimately decrease the number of employees, and there are going to be less people maybe making more money.

SENATOR MADDEN: And I clearly understand that. I guess from what I'm trying to figure is from the business perspective, it's, "How is this going to affect us?" And it's all negative. There is not any positive here. And I find that a little -- I don't want to say -- tough to believe. But I mean, when you debate or deliberate an issue, you look at the pros and cons of it. What have been-- Is there anything in the pro column on raising the minimum wage as it relates to small businesses?

MS. EHLBECK: Absolutely, if it does bring in more-- (PA microphone malfunction)

SENATOR MADDEN: Sorry about that.

MS. EHLBECK: If it does bring in more business and, ultimately, they're seeing more business come through their doors, that's definitely a good thing. It's always good when people have more money in their pocket to spend.

SENATOR MADDEN: Okay. Thank you.

We'll move on. Name and representing who for the record.

DIANE WALSH: Thank you, Chairman.

My name is Diane Walsh, and I'm representing the Commerce and Industry Association today.

As part of the Coalition, I want to go on record by saying that we support all the comments from our colleagues in the Coalition. And when we were discussing our presentation, I wanted to focus on the CPI issue.

At the onset, we want to emphasize that such a move is unprecedented in New Jersey and could undo many of the strides that our State has taken to improve its business climate. If the minimum wage is indexed, it will create a sort of *autopilot*, because it offers no flexibility and would continually escalate labor costs, resulting in less job growth and, more likely, elimination of entry-level jobs.

This resolution makes a case for indexing by saying that it will provide small, manageable incremental increases. Statistics show that the CPI can be volatile. And while the nation's inflation rate is currently at about 2 percent, the rate of inflation did soar to 13.6 percent in 1980. And even employers who could otherwise anticipate an increase in payroll costs were caught unprepared for that spike in inflation, because just the two years before that, in 1978, the rate of inflation was only 7.6 percent. If such drastic changes repeat themselves, employers could be hard-pressed to adjust, resulting in job losses and layoffs.

Right now, only 10 states have tied minimum wage increases to the CPI. The nonprofit research organization, Employment Policy

Institute, examined the affects of indexing the minimum wage. In a study released in 2009, the Institute found that indexing puts into motion an unending cycle of rising labor costs and reduced job growth, the annual disappearance of job opportunities for entry-level workers, and constant pressure on prices.

The study highlighted the affects of teen employment in Washington state, which has the longest history of indexing since it was implemented in 1999. That study found that teenage unemployment skyrocketed by 58 percent since indexing began. And that figure was 24 percent higher than the average for non-indexed states.

For these reasons we would ask you to vote against this resolution. Thank you.

SENATOR MADDEN: If the teenagers lost the jobs, who were getting those jobs?

MS. WALSH: I think the study was talking about the fact that the entry-level jobs no longer existed for those teens.

SENATOR MADDEN: So did they do away with the jobs altogether? Say someone is--

MS. WALSH: Yes.

SENATOR MADDEN: Well, they don't pump gas-- Do they-- Let's just take a fast-food worker in that state -- front counters with teenagers. So the teenagers -- you're thinking -- are losing their jobs, but were they eliminated? Because you didn't say that. You just said they lost their -- the job numbers -- the unemployed were higher.

MS. WALSH: I will send you the study for yourself to be able to look at. But the way I understood it from reading it over the weekend,

they were talking about the fact that these businesses could no longer support these entry-level jobs; that there was a loss of jobs; and that teenagers, because they are the most likely ones in those positions, felt it the hardest.

SENATOR MADDEN: Okay. So they eliminated jobs.

MS. WALSH: Eliminated hours.

SENATOR MADDEN: And that actually says that in the report? (affirmative response) And that was the reason for the decrease?

MS. WALSH: That's what it alluded to in the study.

SENATOR MADDEN: Okay. Thank you.

And I will take that report.

MS. WALSH: Sure. I will send it over.

SENATOR MADDEN: Could somebody get that? (affirmative response)

SENATOR BUCCO: Mr. Chairman.

SENATOR MADDEN: Senator Bucco.

SENATOR BUCCO: Thank you, Mr. Chairman.

In regard to that report, when this bill came about, I had received a call from someone who runs summer camps -- multiple summer camps. And the fact is, during the summer they hire from 1,000 to 1,100 students coming out of college, and out of high school, and what not to work for the summer. And he said if this bill went through he would only probably hire about 800 -- that he couldn't take the full amount of students he had in the past. So that's where the correlation is -- where you're losing jobs -- that they're not going to hire as many as they would to make up the difference.

SENATOR MADDEN: Okay. According to the Office of Legislative Services, from June 2012, the workers who were paid between \$6.52 an hour and \$8.50 an hour in New Jersey in 2011, 20 percent were teenagers. That's just for the record. And if you have a business operator who is saying, "I traditionally hire X number of employees, but if this goes through -- the wage increase -- I'm going to drop my hiring down to X number--" That's his comment to you.

Senator, I'm sure you're telling us the truth.

Maybe it's real. The reality is, there is another portion of this whole issue that talks about the extra income that an individual or their families will be able to use to live on. And in order to live on that, they will actually be putting that money back into the economy, potentially creating jobs. Now, it may not necessarily be summer camps. Because to be quite frank with you, the recipients of this money largely are not of the family financial structure to be able to afford the cost of a camp, which significantly runs into the thousands of dollars. They will generally spend their money in different areas. So whether he chooses-- How a summer camp owner wishes to use this is going to be a business decision on his part, obviously.

SENATOR BUCCO: Mr. Chairman, with regard to the OLS report, is that full-time employment or part-time? Because I think there's a differentiation between what's full-time and part-time. And a lot of these minimum paying jobs are part-time for the youngsters who are looking for a part-time job after school or during the summer time. So this is what you have to look at also.

SENATOR MADDEN: Any other questions?

Senator Cunningham.

SENATOR CUNNINGHAM: Ms. Ehlbeck, is it Laurie?

MS. EHLBECK: Laurie.

SENATOR CUNNINGHAM: I just wanted to ask you-- I was interested in finding out what kinds of businesses are part of your small business association? I mean, are they grocery stores? What are they?

MS. EHLBECK: We represent just about every industry in New Jersey -- retail, professional people, manufacturers, farmers.

SENATOR CUNNINGHAM: And do they all pay their workers benefits?

MS. EHLBECK: Many of my members do, not all of them do.

SENATOR CUNNINGHAM: Okay. Thank you.

MS. EHLBECK: Not health insurance benefits.

SENATOR CUNNINGHAM: All of them pay--

MS. EHLBECK: They all offer some type of benefit -- time off or sick time. But not everyone can afford right now to offer their employees health benefits.

SENATOR CUNNINGHAM: So they don't all offer them health benefits.

MS. EHLBECK: Not everyone, no.

SENATOR CUNNINGHAM: Okay.

SENATOR MADDEN: Thank you.

Sir, your name and who you represent for the record. Then commence your testimony.

E D W E N G R Y N: Ed Wengryn, New Jersey Farm Bureau.

The Farm Bureau represents over 7,000 working farms in the state, as well as an additional 4,000 green industry businesses such as landscapers and greenskeepers.

In particular, I'm going to follow up on the CPI discussion, in that a lot of times when you -- actually, when the Feds do the CPI and base it on their things, they actually take out of the food sector the wholesale food index, because of the volatility in the market. It isn't tied to real economic conditions but based on things like weather. In this case we're seeing a huge spike in the cost of apples this year because most of the northeast apple growers were hit with frost. So those who have product, they're seeing a nice return in their pricing structure. But those who lost everything in the frost have no product. So having an annual labor cost that increases when there is no connectivity to the productivity or the profitability of the farm -- the price that the farmer is going to receive at the farm gate -- is really problematic.

Most often CPI increases when wholesale food prices drop. Because of the lower cost in food prices, people can afford to ship greater distances, so you get people buying from California and other regions of the state. So when our guys would have to take their market -- their products to market into Philadelphia and into New York, they're competing with a broader market base for a lower-priced commodity. And that's really problematic, and agriculture is seeing how an annual wage increase tied to things that are influenced by transportation costs, and energy costs, and everything else -- when the wholesale food price doesn't rise at the same rate. And that's really putting our farms at an economic disadvantage.

And right now we're not going through a high real estate value stage. But when a farm can no longer be profitable in the products and things they're marketing and selling, they either change what they're growing or they actually sell out and leave. And we think that's one of our big concerns with the annual adjuster tied to CPI.

SENATOR MADDEN: Thank you.

Comments, questions? (no response)

Seeing none, thank you.

Ladies and gentlemen, members of the Committee, we're going to pause for just a few minutes. The technology people are here. We have to change this microphone out. It will only take a couple of minutes.

Thank you.

(RECESS)

AFTER RECESS:

SENATOR MADDEN: Next up to testify on Senate Concurrent Resolution No. 1, representing the NJEA, Beth Schroeder Buonsante; AFL-CIO, Eric Richard; representing the Farm Workers Support Committee, Alberto Ramirez, Alexa Malishchak. Let's bring up John Erickson. Representing New Jersey Citizen Action and Time to Care Coalition, Dena Mottola Jaborska. Once Dena gets settled we will commence our testimony with Beth Schroeder. Ladies and gentlemen, we're going to go right down the line with Dena next. And when it comes

your time, put your name on the record, who you're representing, and then commence your testimony.

Thank you.

BETH SCHROEDER BUONSANTE: Thank you, Chairman.

My name is Beth Schroeder Buonsante, and I am here representing the 200,000 members of the New Jersey Education Association. Thank you for this opportunity.

The New Jersey Education Association supports a minimum wage increase, whether it be done directly by the Legislature or determined by the voters in the form of a ballot question. While there are many good reasons as to why increasing the minimum wage will help many New Jersey residents, today I'm going to talk specifically about our concern for parents who earn the minimum wage and the impact that has on student achievement.

There is a real cause for this concern. According to data collected by New Jersey Legal Services in 2010, almost one-quarter of New Jersey residents are living in households with incomes below 200 percent of the Federal poverty level. Numerous studies have shown the correlation between poverty and student achievement. Children of poor families are up to six times more likely to drop out of high school. Children from homes who experience persistent poverty are more likely to have their cognitive development affected. The college completion rate drops to 25 percent for low-income students. In today's economy, graduating from high school college-ready and obtaining a post-secondary degree or credential can mean the difference between a lifetime of poverty and a secure economic future.

The current rate of \$7.25 amounts to \$15,080 a year. This is far below poverty level for a family of three, and is not nearly enough in our state to make basic needs for food, housing, clothing, and transportation.

Thank you for considering this measure. And I urge you to support SCR-1.

Thank you.

SENATOR MADDEN: Thank you.

DENA MOTTOLA JABORSKA: Good morning.

I'm Dena Mottola Jaborska. I'm the Director of Organizing for New Jersey Citizen Action. And I'm also speaking for the Time to Care Coalition, which we are a part of. And the Time to Care Coalition is a group of 80 organizations that support initiatives that will make -- will help working families better support and maintain their families.

Just a few points today to add to what we've already said previously and what the others will say here on the panel-- First, I wanted to say that in the 1960s, when we first -- this country first decided to establish a minimum wage, it was set at a level that was considered a living wage with the intention-- The initial intention of setting a minimum wage in this country was to set it at a level that would provide, basically, security for families who were being supported by minimum wage workers. That meant that it would be covering the cost of food, gas, and all the basic necessities. And over the time between when it was first enacted in the 1960s and today, the minimum wage has not kept pace with inflation, which is why we have a situation today in our economy and our country where we have workers working for an income that will never support their families or let them rise out of poverty. We are -- if you looked at the

numbers -- at 30 percent below what the living wage should be at this point in time.

And by the way, Congress is looking at \$9.80. I don't know if that's going to happen any time soon, but that is the level that the national legislation is set at. So we are looking at a modest increase with this bill, which is very important.

My second point is how important the indexing is, just given what I just said about how far behind we are with setting the wage at the living level or the living wage. It just comes down to this, which is whether or not this legislation -- if this legislation at all could be about fairness in our economy and whether or not in this economic downturn -- whether we're helping banks and automakers, or are we helping people too -- and who is going to get access to an economy. If it's fair, then we give everybody a leg up, including low-income workers.

Some interesting statistics I read today -- last night, actually -- was that about 60 percent of the people who lost their jobs during the economic downturn were actually middle- and upper-income workers. And if you think about where these people are going to find work, 15 percent of the new jobs that have been created since the economic downturn have been either very low- or minimum-wage jobs. So in many ways the minimum wage that we're talking about today isn't just for people who have been consistently living at low-income levels, but also, for example, my brother, the laid-off police officer who went to Home Depot to keep things going while he was looking -- or waiting to be hired back on the police force; or some of our parents who have been laid off, our seniors who have been forced to retire early. So I really think this is a really fundamental question

of fairness, and whether or not we're going to give everybody a leg up as we attempt to recover from the economic downturn or just major corporations.

And then I guess one point I want to ask just to the Chairman and to the Committee is to just really look at the research more closely when we talk about whether or not increasing the minimum wage is going to hurt our economy, help our economy. Now, we've heard research on both sides. I hate to add to that debate, but clearly the research we've looked at is more recent and done by entities like the Chicago Reserve Bank, who does assert that increasing the minimum wage will stimulate our economy. And I would just suggest that we ask OLS to really take the facts, look at the research that's out there, and just do it for the Committee. Because we're hearing opposition putting out studies that we don't agree with that are outdated and also not, we think, really very accurate.

And then I just wanted to end by saying that I think this is a completely appropriate issue to put into the Constitution, because clearly our Constitution is about life, liberty, and the pursuit of happiness. It's just about basic rights and the basic things that we need in our society. And this is one of those things. New Jersey is not one of those states that willy-nilly has been or will continue to amend our Constitution. We will only do it for the most urgent and most important issues. And I think that this issue is one of those issues. And so I think it's completely appropriate to do -- to make this change in the Constitution.

I know I ran long. Thank you very much for your time.

SENATOR MADDEN: Okay. We'll move on to--

E R I C R I C H A R D: Good morning, Chairman; good morning, members of the Committee.

My name is Eric Richard, speaking on behalf of the New Jersey State AFL-CIO. We're happy to come before you this morning and give you our perspective on the constitutional amendment and in particular the cost of living adjustment, which has been of particular concern of some of the previous speakers.

The AFL-CIO comes to you today with a very simple goal as it relates to the minimum wage. What we'd like to achieve and what we support is simply the most comprehensive, long-term solution possible for the working poor of this state.

To achieve this goal, we believe that a cost of living adjustment, or a COLA, is absolutely essential. And the reasons for that are basic. It's a permanent fix for low-income workers due to the continuous erosion by inflation. And basically it removes politics from the minimum wage issue in the future. It's our belief that low-income workers should not suffer due to the volatility of the partisan environment here in our state and here in our nation that adversely affects low-income workers.

This volatility and political influence concerning the minimum wage has been on full display since the last time the minimum wage was acted on in the State of New Jersey. During the 2005 legislative debate, the COLA was removed, as you know, and was replaced instead with a five-member Minimum Wage Advisory Commission. That Commission was comprised of two labor representatives, two business representatives, and the Commissioner of Labor. Conceptually, the Commission was charged with the task of researching approximately a dozen specific statistical indexes and then, based upon that analysis, issue a recommendation to the

Legislature. And then within the bill -- the law -- it stated that the Legislature would act on that recommendation.

The State AFL-CIO had a representative on that Commission since its inception. And to absolutely no one's surprise, regardless of the statistical research that was performed by that Commission, each and every year the Commission met there was a three to two vote. When a Democrat was Governor, the recommendation was a three to two vote in support and to include a COLA. And when a Republican was Governor, there was a recommendation of three to two to not increase the minimum wage and to not include a COLA.

The constitutional amendment before you today removes politics from that equation and remedies this issue once and for all on behalf of low-income workers.

As you know, at its core the minimum wage is an anti-poverty measure. New Jersey's growing poverty statistics are startling, and raising the minimum wage would be a strong first step toward addressing that problem. According to the Census Bureau, from 2007 to 2011 over 63,000 children and 33,000 families in New Jersey fell into poverty. That's an increase of 28 percent and 24 percent respectively. The cost of health care, education, food, gas, electricity, and transportation are all escalating drastically while the minimum wage has been held at poverty level wages. This needs to be changed.

In closing, the AFL-CIO believes that with honest work should come dignity. And we have the opportunity to take a significant step forward in obtaining for New Jersey's low-income workers a step forward to

obtaining that dignity in work, and that's via this constitutional amendment. And we ask for your support moving forward.

Thank you very much.

SENATOR MADDEN: Thank you, Eric.

Sir, your name.

J O N E R I C K S O N: Thank you for allowing me to speak.

My name is Jon Erickson, and I represent the American Federation of Teachers of New Jersey and also the Council of New Jersey State College Locals.

I'm going to make my presentation very brief.

I'm a faculty member at Kean University. I teach mostly night classes. An overwhelming majority of my students work to support their way through school. Most of them work at jobs that pay close to, if not at, the minimum wage. And as you know, college tuition and costs have been going up at a rate much faster than inflation. It's increasingly difficult for my students to afford to go to college. They have taken out huge amounts of debt. And there is some limit at which they can no longer borrow, and that means they're more likely to drop out of college not because they're doing poorly, but simply they can't afford it. One of the ways to address that would be to increase the minimum wage to make college more affordable for them.

Thank you.

SENATOR MADDEN: Comments or questions from members of the Committee? (no response)

Seeing none, thank you.

Commerce and Industry Association of New Jersey, Diane Walsh.

MS. WALSH: Chairman, I already spoke.

SENATOR MADDEN: Licensed Beverage Association of New Jersey, Diane Weiss and Jim Bennett.

Is Diane here also?

J A M E S B E N N E T T: She is, sir. She's sitting in the back.

SENATOR MADDEN: Is she testifying?

MR. BENNETT: I don't believe so.

SENATOR MADDEN: Okay. Mr. Bennett, your name and association for the record, then commence your testimony.

MR. BENNETT: Good morning.

My name is James Bennett.

Good morning, Chairman and Senate Labor Committee. I am the Vice President of the New Jersey Licensed Beverage Association, as well as a Board of Directors member. I own several businesses down in Sea Isle City, down in Cape May County. One is the La Costa complex in Sea Isle City; and then secondly, my partner and I bought a business in 2006. It is The Lobster Loft -- liquors and nightclub, seafood restaurant. I employ 120 people from Memorial Day to Labor Day. And year-round we employ 20 people. Of those 20 people, we supply a benefits package to 12 of them.

On behalf of my businesses and the thousands whose views we represent at NJLBA, I appear before you this morning to respectfully oppose SCR-1. It is a widely accepted fact that the economy we find ourselves mired in -- now known as the Great Recession -- is the worst economic conditions the United States and the world has faced since the Great

Depression. Unfortunately, the hospitality sector is firmly on the bleeding edge of this tough and intractable economy.

Overall, the on-premises consumption sector is down approximately 30 percent. People just don't have the money they once had. When they do come out to dinner, our bills are lower as people skip an appetizer, dessert, beer, wine, or spirits. The number of alcoholic beverage licensee credit defaults is over 30 percent. The number of licensees going to inactive status resulting in job loss, income loss, and tax revenue losses to the State of New Jersey has surged from approximately 400 two years ago to over 1,400 in 2012. We get this information through the Alcoholic Beverage Control Board. The facts are clear. Our sector, largely occupied by small and independent, family-owned businesses employing tens of thousands of New Jerseyans, is in deep trouble. Many of the tens of thousands of New Jerseyans gainfully employed in the hospitality sector are in minimum wage and tip-based jobs.

Our industry, mired in a deep economic downturn already, strapped for revenue facing tight lending credit practices as well-- For instance, when I go to the bank and try to get a credit line, now they require that I use my home as collateral. When I first started the business back in 1993, you were able to get credit lines without collateral.

The last thing we need is an increase in the minimum wage. I can tell you firsthand that if SCR-1 becomes New Jersey law, it will most certainly result in a decrease in employment in the hospitality sector, as employers will have no choice but to cut staff in order to stay afloat. In our sector, SCR-1 will have the opposite of its intended effect. It will cost hundreds of New Jerseyans their jobs, further damage small businesses, and

further depress State income tax revenues. Worse yet, if SCR-1 -- proposed constitutional mandate of annual increases in the minimum wage-- While we most certainly know that this is the absolute worst time in the last 80 years to raise the minimum wage, no one has a crystal ball to predict the future and how New Jersey's very delicate businesses will be impacted by increasing labor costs on an annual basis. We ask you-- We believe that SCR-1 will be counterproductive.

SENATOR MADDEN: Senator Codey.

SENATOR CODEY: Waiters and waitresses are exempted, right?

MR. BENNETT: Well, what we do in our business-- Waiters and waitresses -- they get the \$3.03 an hour. But in our business, we have bus people, they're \$7.25. But they do receive tips. We have valets, they're \$7.25, they receive tips. We also have our pizzeria counter people. They're \$7.25, they receive tips.

Now, what will happen is, it starts at \$8.25. And then with the increase with the CPI it goes up, and up, and up, it could be \$12 an hour five years from now. So we'll be forced to, rather than throw these people working at \$7.25 a bone and pay them \$7.25, we'll have to drop them back to the tip rate, the \$3.03 rate. Or what will happen is, our manager will no longer be the manager, he'll be the guy who is sweeping the floor because we won't be able to afford to hire the extra minimum wage people.

SENATOR CODEY: You would think the affect on your business is obviously less, financially, than all these other businesses that we've heard from, because the bulk of your people are unaffected in terms of--

MR. BENNETT: Are, I'm sorry?

SENATOR CODEY: The bulk of your people are unaffected because of the exemption.

MR. BENNETT: I don't know if it would be the bulk. I would say roughly 50 percent, because you have security people.

SENATOR CODEY: I think that's the bulk.

SENATOR MADDEN: Security?

MR. BENNETT: We have security people.

SENATOR MADDEN: What do you have going on down there? (laughter)

MR. BENNETT: You have dishwashers, you have bus people, you have valet people. It's not just the bartenders and waitresses in our industry.

SENATOR CUNNINGHAM: Valet people get tips too.

MR. BENNETT: They do, exactly. So what do you do now that--

SENATOR CODEY: Do dishwashers get tips?

MR. BENNETT: No.

SENATOR CODEY: But, of course, as the cost of living goes up, I would assume to some degree incomes are going up -- not necessarily. People can spend more.

MR. BENNETT: Part of the problem with being in business in the tourism industry-- We're in the tourism industry. We do the majority of our business from Memorial Day to Labor Day. And as the labor costs go up with everything else, it's getting tougher and tougher to stay in business, as we see by the numbers of people going out of business.

SENATOR CODEY: Yes, but that figure that we mentioned has not increased in years, sir. So while the cost of living is 2 percent each year, the people you're paying the minimum wage have lost the value of their job in terms of what you're paying.

MR. BENNETT: Well, the difference, it seems to me this time from a layman's standpoint, is that it goes to \$8.25, and then it adjusts with the CPI.

SENATOR CODEY: No, I understand that. But over the past few years you've been paying the same minimum wage, and yet the cost of living has been going up by 2 percent. So their base salary has been eroded 8 percent or whatever because you didn't increase it with the cost of living. I'm sure your prices have gone up.

MR. BENNETT: They have not, sir. In fact, the fact of the matter is, you can't get more for a bottle of beer now than you could back in 2000.

SENATOR CODEY: I don't drink, so I wouldn't know.

MR. BENNETT: That's a fact.

SENATOR CODEY: I break the stereotype.

SENATOR MADDEN: Thank you.

We're okay, Mr. Bennett.

Just as a way of point with the CPI -- and it's actually been testified to also, I believe, in the Budget Committee, Senators. When New Jersey started the minimum wage, the year was 1968. And the minimum wage at that time was \$1.40 per hour. If at that time New Jersey had tied its minimum wage to a CPI, today's number -- the minimum wage dollar would be \$9.20 an hour. That is 40-some years ago. So the deal about

saying that the minimum wage is going to skyrocket over the next five years and potentially-- What we go on here is, we really just do the research and try to get solid foundations and facts, and hear both sides of the studies and the testimony and things to try to get our arms around what is really happening, whether it's the increase in the unemployed and the underemployed. With teenagers losing jobs and the vacancy of them just not performing the jobs, it's a highly competitive market. There are still hundreds of thousands of people out there who are adults looking to bring money into their households. Many of those are working two, three, and in some cases a fourth part-time job to make ends meet.

The dynamics that we deal with in the legislative offices -- at least I can speak for myself and a couple of my colleagues in our travels -- is just that particular impact. When Senator Cunningham poses a question to the panel about, "Do you pay health care? What is the impact on health care if you are or are not paying it?" Because on the back end, the uninsured or the underinsured wind up in the emergency rooms for primary care. Historically, on the Health Committee we are well aware of the fact that it costs a significant amount of money to repair an individual once they hit the emergency room versus providing preventative care.

So back and forth there are all these different debates and angles coming to the table, so to speak, as it relates to providing or helping a family and a worker provide for themselves or for themselves and their dependents. So when we look at the minimum wage, tying it to a CPI -- whether you're for or against it -- there are always two sides to this story. But like I say, I will reinforce the fact that had we tied the CPI to minimum wage in the original days in 1968, we'd be paying \$9.20 an hour now.

That's not to argue and say businesses or anybody is getting a break or they're ahead of the game. I don't mean that. It's just that I've had people envision minimum wage going up to \$20 and \$25 an hour in a very short window of time. There is a year-by-year breakdown that we've been given to just assess if we even kicked the CPI in, in 1970 or if we did it in '73, one of the strongest and worst inflationary times in my lifetime anyhow as an adult-- Even then it would maybe be -- I think it came out to something like \$10-something an hour in today's environment.

So what I would ask for the people in attendance who are in opposition of the bill, just for the sake of at least having real information, delve into the factual data that is out there and do some calculations if you have to with your own financial teams.

With that said, any other questions or statements to be made on behalf of the minimum wage testimony? (no response)

Mr. Bennett, I'm aware Sea Isle is quite a trek for you to come all the way up here. It's very good. Thank you for coming up today and taking the time, which was probably -- from what I understand -- a real bad day on traffic. I left the house at 6:30 this morning just to get ahead of Monday morning traffic. But the reality is, everybody has come a far way, and we're just trying to be respectful of everyone's time.

So if you're finished, that will commence (*sic*) your testimony and you can return to your seat.

MR. BENNETT: Thank you, sir.

SENATOR MADDEN: Thank you.

Committee, for the record, representing CWA is Seth Hahn; no need to testify but in favor of the bill. Also with no need to testify, in favor

of SCR-1, New Jersey Building and Construction Trades Council, A.J. Sabbath. In opposition of SCR-1, from the Chamber of Commerce, Southern New Jersey, Kathleen Davis, Executive Vice President and Chief Operating Officer -- no need to testify. Patrick Stewart, from the New Jersey Staffing Alliance opposing, no need to testify. And Mr. Stewart is also representing the New Jersey Car Wash Operators Association.

That being said, we have two individuals left to testify. They are in favor of the bill. They were called earlier -- are you back in the room? -- from the Farmworkers' Support Committee -- Alberto Ramirez.

Step forward Mr. Ramirez and Alexa Malishchak.

Ms. Malishchak, it's my understanding you will be interpreting for Mr. Ramirez.

ALEXA MALISHCHAK: Yes.

SENATOR MADDEN: Okay. Could you slide over to the center two chairs there, please?

MS. MALISHCHAK: Sure.

SENATOR MADDEN: We will need both names, who you're representing for the record, then Mr. Ramirez will commence his testimony.

MS. MALISHCHAK: Hi. I apologize. I had stepped out of the room when you called us earlier.

My name is Alexa Malishchak. We're here from C.A.T.A., which is el Comité de Apoyo a los Trabajadores Agrícolas, The Farmworkers' Support Committee. Alberto is a member of our organization. He will introduce himself in a moment.

We are an organization of farm workers and other workers in southern New Jersey -- Atlantic County, Salem County, Cumberland

County, Gloucester County. The majority of our members are making the minimum wage currently and would be among those who would directly benefit from such a change.

We thank you for the opportunity to talk to you today. I know we addressed the Committee in March. Alberto and I had the chance to speak with the Budget Committee last week, and we're happy to be here again today.

So with that said, as the Senator mentioned, I will be interpreting for Alberto.

SENATOR CODEY: Can you just hit his button there?
(referring to PA microphone)

ALBERTO RAMIREZ: Good morning, ladies and gentlemen.

I speak English a little bit, but I feel better speaking Spanish. She will translate for me.

SENATOR MADDEN: Your name.

MR. RAMIREZ: Alberto Ramirez. (witness speaks in Spanish)

MS. MALISHCHAK: (translates in English) "My name is Alberto Ramirez."

MR. RAMIREZ: (witness speaks in Spanish)

MS. MALISHCHAK: (translates in English) "I am a member of C.A.T.A."

MR. RAMIREZ: (witness speaks in Spanish)

MS. MALISHCHAK: (translates in English) "I am a person who works earning the minimum wage."

MR. RAMIREZ: (witness speaks in Spanish)

MS. MALISHCHAK: (translates in English) “I am the father of two children who, right now, are in school.”

MR. RAMIREZ: (witness speaks in Spanish)

MS. MALISHCHAK: (translates in English) “I have a home to maintain.”

MR. RAMIREZ: (witness speaks in Spanish)

MS. MALISHCHAK: (translates in English) “I have to pay rent--”

MR. RAMIREZ: (witness speaks in Spanish)

MS. MALISHCHAK: (translates in English) “--bills--”

MR. RAMIREZ: (witness speaks in Spanish)

MS. MALISHCHAK: (translates in English) “--and transportation.”

MR. RAMIREZ: (witness speaks in Spanish)

MS. MALISHCHAK: (translates in English) “I work on the farms, and I think you know what it is to work on farms. It’s very difficult.”

MR. RAMIREZ: (witness speaks in Spanish)

MS. MALISHCHAK: (translates in English) “Maybe passing on the highway in your car in the summer you’ve seen how hard we work out in the fields.”

MR. RAMIREZ: (witness speaks in Spanish)

MS. MALISHCHAK: (translates in English) “But the hardest thing is at the end of the week, when we receive our checks and we see that it’s not enough.”

MR. RAMIREZ: (witness speaks in Spanish)

MS. MALISHCHAK: (translates in English) “Normally we would think that if we work hard that we will have enough to get by at the end of the week. But when we receive our paycheck and it’s not enough to pay our bills and to support our children, it’s hard for us.”

MR. RAMIREZ: (witness speaks in Spanish)

MS. MALISHCHAK: (translates in English) “So that’s why I’ve come here today to ask you to support this law -- so that we can support ourselves and give a better life to our children.”

MR. RAMIREZ: (witness speaks in Spanish)

MS. MALISHCHAK: (translates in English) “That’s all. Thank you.”

Thank you.

SENATOR MADDEN: Thank you.

Any comments or questions from members of the Committee?

SENATOR CODEY: I’d just like to-- I assume your wife works.

MS. MALISHCHAK: (witness speaks in Spanish)

MR. RAMIREZ: (witness speaks in Spanish)

MS. MALISHCHAK: (translates in English) “Yes, she works.”

SENATOR CODEY: Minimum wage, correct?

MR. RAMIREZ: (witness speaks in Spanish)

MS. MALISHCHAK: (translates in English) “Yes, of course.”

SENATOR CODEY: I don’t know how the two of you could do that and raise two children, and pay a minimum amount of bills, and supply food and clothing to the family -- I really don’t -- on what you make right now. And people don’t understand that you’re a living example of

doing it. But your quality of life is not what it should be because you're unable to work and have a livable wage that allows a decent standard of living for you, your wife, and your two children.

MR. RAMIREZ: (witness speaks in Spanish)

MS. MALISHCHAK: (translates in English) "We're accustomed to working hard, and that's not the most challenging thing for us. What's challenging is working hard and then seeing that our money doesn't allow us to get by."

SENATOR CODEY: Is he employed full-time, year-round?

MS. MALISHCHAK: (witness speaks in Spanish)

MR. RAMIREZ: (witness speaks in Spanish)

MS. MALISHCHAK: (translates in English) "No, work in the fields is seasonal. So we might work-- We might, in the off season, work in packing houses. But that's also -- you also earn the minimum wage there."

SENATOR CODEY: Thank you. God bless you.

SENATOR MADDEN: Thank you, you're dismissed.

MS. MALISHCHAK: Thank you.

MR. RAMIREZ: Thank you.

SENATOR MADDEN: Ladies and gentlemen, going through the slips, they are all the individuals who have signed up to testify. Is there anyone in the audience who has been missed? If you've been missed just raise your hand or stand up.

Seeing none, as I said in my opening comments, today we're having a public hearing on SCR No. 1. There is no vote. It's by Senate Rule 24:3 that we're holding and conducting the public hearing.

The testimony is complete. That concludes today's hearing on the Senate Labor Committee.

Thank you for your time and have a safe trip in your passage.

(HEARING CONCLUDED)