REPORT OF SENATE LABOR COMMITTEE

ON

SENATE CONCURRENT RESOLUTION NO. 1 (SCS)

In accordance with Rule 24:3 of the New Jersey Senate, a public hearing on Senate Concurrent Resolution No. 1 (SCS), entitled "A Concurrent Resolution proposing to amend Article I of the New Jersey Constitution by adding a new paragraph thereto," was held in Committee Room 6, First Floor, State House Annex, Trenton, New Jersey on Monday, October 22, 2012 at 10:00 AM before the Senate Labor Committee.

The following members of the committee were present:

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

Pursuant to Rule 24:4 of the New Jersey Senate, the committee reports that the public hearing was held on Senate Concurrent Resolution No. 1 (SCS) and that it may be ordered to a third reading for final passage.

The Secretary is directed to enter this report in the Journal of the Senate.
TO: Members of the Senate Labor Committee

FR: Chamber of Commerce Southern New Jersey
    Commerce and Industry Association of NJ
    International Franchise Association
    Morey's Piers, Beachfront Waterparks and Resorts
    National Association of Theatre Owners – New Jersey
    National Federation of Independent Business – New Jersey
    New Jersey Business and Industry Association
    New Jersey Chamber of Commerce
    New Jersey Farm Bureau
    New Jersey Food Council
    New Jersey Restaurant Association
    New Jersey Retail Merchants Association

DATE: Public Hearing - October 22, 2012

RE: SCR-1 (Sweeney)

Our organizations respectfully oppose Senate Concurrent Resolution 1, which would raise New Jersey’s minimum wage to $8.25 and then adjust it annually through the New Jersey Constitution. We believe that by forcing a wage hike through the Constitution, it will be almost impossible for the state to respond flexibly to these economic considerations – even in an emergency situation.

New Jersey’s business climate is changing for the better. Over the last session, lawmakers have worked in a bipartisan effort to get the state’s finances in order, reformed corporate and income taxes and undertook a major regulatory reform effort. There have been historic agreements on public-employee pension and benefit reforms, capping property tax increases and even tackling the employee-arbitration system. Make no mistake, the business community has noticed the change and is more optimistic about the direction this state is headed than it has been in a long time.

However, we are greatly concerned that SCR-1 will undo much of the work that has been done to reform New Jersey’s sagging business climate. This resolution would raise New Jersey’s minimum wage to $8.25 per hour by essentially creating a labor contract in our State Constitution. Businesses would be forced to begin paying higher wages less than two months after the proposal is approved by voters. Automatic increases thereafter would be tied to the Consumer Price Index (CPI), making New Jersey only the second state in the northeast to provide an automatic wage index.

We believe that imposing a 14 percent increase in the minimum wage through the State Constitution – and including automatic increases thereafter - will set off a host of unintended economic consequences. Businesses set aside a specific amount of money for payroll based on what they anticipate in their sales and profits. If sales are not rising fast enough to accommodate a wage hike, employers will be forced to make tough personnel and operating decisions. With a
9.9 percent unemployment rate in New Jersey, our economy is still unstable and employers will be under tremendous financial pressure if automatic annual increases occur each year, in potentially varying amounts.

And, a minimum wage increase would not just impact the businesses with minimum wage earners, it would affect them all. Economists generally agree that a minimum wage increase forces employers to also increase the pay for those workers who are currently just above the minimum wage. Workers often behave as if the minimum wage sets a floor, and they judge how much they are worth by what they are paid relative to the minimum wage. This automatic escalation of payroll is one of the less obvious side effects of raising the minimum wage.

At no time in the state’s history has the minimum wage been tied to the CPI. Although the country's inflation rate is currently at about 2 percent, the rate of inflation soared to a staggering 13.6 percent in 1980. Even employers who could otherwise anticipate an increase in payroll costs were caught unprepared with the spike in inflation considering the fact that just two years earlier, in 1978, the rate of inflation was 7.6 percent. Additionally, the CPI fails to account for specific industry specific performance. Certain industries may not be experiencing similar growth or may even be experiencing a decline in performance when compared to other industries.

We understand the desire to help workers keep up with rising costs, but census data show that the majority of workers earning $7.25 in New Jersey – some 16,000 individuals – are 16-21 years old. Many of these workers do not face the financial demands of supporting a family or paying a mortgage, but could be disadvantaged as higher labor costs make it harder for them to find jobs.

In addition to being potentially detrimental to workers, raising the minimum wage through a constitutional amendment will put New Jersey out of step with the majority of other states and all of the states in our region. There are only four other states that include minimum provisions in their Constitutions – Colorado, Florida, Nevada and Ohio. By forcing minimum wage on to the ballot, New Jersey runs the risk of becoming like other states which frequently open up their constitutions when important policy issues cannot be resolved through the legislative process. Washington State’s Constitution has been amended 102 times – four of those times were in 2007 alone, and California’s Constitution has been amended over 500 times. Our Constitution specifically states, “The legislative power shall be vested in a Senate and General Assembly” – not the general public.

Rather than artificially increasing wages through the Constitution, legislators should work to create an environment where such workers are in demand by improving the business climate and helping low-wage workers improve their skills. The most effective way to improve employees’ economic opportunities is through basic skills and employment training. New Jersey’s community colleges together with the NJ Department of Labor offer outstanding programs that have proven to dramatically improve workers’ computer, communication, math and English skills. Such improvements make workers more productive and more valuable to employers giving them greater marketability.

For these reasons, we ask that the Senate not advance SCR-1 and instead work with us to strengthen our proven and effective workforce development initiatives.
Testimony before the Senate Labor Committee

SCR-1 (Sweeney)

October 22, 2012

By

Michael Egenton
Senior Vice President – Government Relations
New Jersey State Chamber of Commerce

Good morning Chairman Madden and members of the Senate Labor Committee. Thank you for the opportunity to speak before you today.

The New Jersey State Chamber of Commerce opposes SCR-1 (Sweeney), a proposed amendment to the state constitution, via a ballot question, that would raise the minimum wage to $8.25 and tie increases directly to the Consumer Price Index (CPI).

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 health care costs, taxes, excessive regulations and other hurdles. A “CPI” connected minimum wage increase does not take these and other unforeseen economic conditions into consideration.

When our members are forced to make tough fiscal decisions to meet their bottom line, it directly impacts their overall operations -- whether they are 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 can not adjust their operating budgets based on their specific economic conditions.

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

We respectfully oppose SCR-1 and appreciate you taking our views into consideration.
Date: October 22, 2012

To: Members of the Senate Labor Committee

From: Mary Ellen Peppard, NJFC Assistant Vice President of Government Affairs

Re: Opposition to SCR-1

Chairman Madden and members of the Senate Labor Committee, thank you for the opportunity to speak on SCR-1, which proposes to amend the New Jersey Constitution to increase the minimum wage from $7.25 to $8.25 per hour with annual adjustments for inflation. NJFC strongly opposes this legislation.

Our employers cannot afford this steep increase in this difficult economy. Employers are already paying more due to UI tax rate increases and higher healthcare costs. Our members are going to be even more financially challenged in 2014 when large employers will be required to offer affordable health coverage to full time employees, which will force businesses to reevaluate their personnel decisions. Our members have some of the largest trucking fleets in the State and the recent toll increase and spike in gas prices is already cutting into tight margins in the food industry- on average we are a penny on the dollar industry. A 14 percent increase in the minimum wage would be highly detrimental. Companies would be forced to make tough choices, including laying off workers, reducing hours or scaling back benefits. Minimum wage increases also reduce access to entry level jobs, particularly in labor intensive industries such as food retail and distribution. The food retail industry is dependent on teens who live at home, seasonal workers and retirees who are supplementing their income.

The ever increasing cost and competition in food retail is slowly and methodically impacting many stores ability to survive. Since 2010, three major supermarket chains have closed over 30 stores in New Jersey. We do not believe that a $1.00 increase in the minimum wage with an annual increase based on CPI is sustainable for many of our members in addition to all the other pressures they face.
Minimum wage increases are particularly difficult for small, family owned, independent grocery stores that have fewer resources and less ability to absorb the higher labor costs. Additionally, many of our members have union employees. This increase would force contracts to be renegotiated with higher starting wages, resulting in less job growth. A survey of our member companies showed that 55 percent think this proposal would impact their decision to hire employees, 45 percent expect this increase would result in layoffs, and 66 percent expect this proposal would increase costs on all wage earners, not just those who make the minimum wage. On average, these companies expect the cost of a minimum wage increase with a link to CPI to be about $400,000 a year. Cost estimates range from $15,000 per year to almost $2 million per year.

Our members have voiced particular concern about the provision in the proposed amendment which ties the minimum wage increase to the consumer price index. They would be forced to try to plan for the amount of the automatic increases, yet in reality this would be an unpredictable cost. The CPI does not take into account the differences in economic growth among different industries. Despite the food retail industry’s struggle to keep prices low, food costs are rising. This proposal will result in even higher food inflation, and disadvantaged New Jersey residents will lose purchasing power for WIC and SNAP benefits.

Forcing this type of increase through a constitutional amendment would not allow employers the necessary flexibility to control their payroll costs or respond quickly to changing fiscal realities. This amendment would also put New Jersey out of line with the majority of other states and would undermine our business climate. Only four states have minimum wages in their Constitutions. New Jersey continues to struggle with a very high unemployment rate. This type of proposal discourages companies from considering New Jersey as an attractive destination to locate or expand. The food retail business is growing in other states along the East Coast, yet New Jersey does not see this same type of growth. Onerous government mandates, such as this proposal to increase the minimum wage, impact our industry’s location and expansion decisions.

Thank you for considering our views.
Mr. Chairman and members of the committee, thank you for the opportunity to represent New Jersey’s small business community on this important issue.

Members of the National Federation of Independent Business have consistently and overwhelmingly opposed an increase in the mandatory minimum wage. They believe, based not on computer models or social justice theories, but on their own experience running businesses, that an increase in the minimum wage will diminish their competitiveness and reduce the demand for labor.

First: Most small businesses in New Jersey already pay more than the mandatory minimum wage. Businesses that don’t pay their employees more, simply cannot pay more. Raising the rate will hurt the businesses that can least afford an arbitrary increase in their operating expenses. They won’t grow. They won’t hire. And they might not survive.

Second: Independent research, including studies by the universities of California, San Diego and Georgia, which measured the effect of previous increases in the minimum wage at the state and federal levels, show the following:

- Minimum wage hikes in the past have caused job losses among the poorest and youngest workers. They have the least experience
and the lowest skills. A higher minimum wage has two effects harmful to them: it discourages employers from creating any new positions; and it makes entry level positions more attractive to workers with higher skills and more experience. Teenagers are especially hard-hit by higher mandatory wages because they are forced into competition with older, better qualified applicants. So the people who are harmed by the higher minimum wage – the so-called working poor – are the people whom the sponsors claim to want to help.

- Raising the minimum wage is an ineffective anti-poverty remedy. In fact, a substantial majority of Americans under the official poverty line are not employed. So raising the minimum wage doesn’t help them. And, a substantial majority of minimum wage workers live in middle-class or affluent households. They are typically college students or spouses earning extra money. They are typically not heads of households supporting families.

- So, raising the minimum wage misses the mark on two counts: it doesn’t help most people under the poverty line and the people who mostly benefit aren’t poor at all.

Third: You’ll hear about a study commissioned by the supporters of a higher minimum wage. That study claims that raising the minimum wage will create jobs by giving low-wage workers more buying power. The study assumes that workers who are paid more will spend more, and that the higher consumer activity will create jobs. But it also assumes that businesses that are forced to pay higher wages won’t eliminate jobs; won’t reduce hours; won’t buy machines to replace workers; won’t close their doors; or won’t leave New Jersey.

Meanwhile, there is a large group of people in New Jersey whom this measure will harm. Small business owners will be forced to pay higher wages at a time when the national economy is growing at barely one percent. It will force them to pay higher wages even as their sales are dropping; even as gas prices are rising; even as taxes are rising; even as the cost of electricity is rising; even as the cost of insurance is rising; and even as consumers remain more concerned with reducing their debt instead of making new purchases.

Furthermore, it is false to argue that this measure would force an increase only for entry-level workers. Raising the minimum wage inflates pay all the way up the pay scale. A small business that must pay more for a new hourly worker will almost certainly have to pay his existing employees more to compensate for their higher experience and skill.
This measure will inflate the cost of labor and therefore reduce the demand for it at exactly the wrong time.

And because this measure includes an automatic annual increase in the minimum wage, it makes a bad idea perpetually bad. It guarantees not just an increase in their expenses that they might be able to absorb after a few years, but an annual increase in their expenses regardless of whether or how much their sales increase every year.

I'll say this much: small businesses worry about uncertainty. This measure solves that problem. It makes higher expenses and lower profits a certainty for small businesses in New Jersey. It creates one more reason for entrepreneurs to leave the state or avoid the mistake of investing here in the first place. We have the highest taxes in the country. We have a very high cost of living. Our population, and therefore our consumer base, is shrinking. We were one of only six states this year in which the economy contracted. Except for New York we are surrounded by states in which the business climate is better.

I would invite members of the committee or advocates of this bill to explain the economic logic or the competitive advantage in legislation that makes New Jersey a permanently less attractive place in which to start or grow a business.

Thank you for considering the view of New Jersey’s small business owners.
TO: Senate Labor Committee

FROM: Diane Walsh, VP Gov’t Affairs/Communications, Commerce and Industry Association of NJ


SUBJECT: Opposition to SCR-1

Good Morning Chairman Madden and committee members. I am Diane Walsh, here on behalf of the Commerce and Industry Association of New Jersey, a business advocacy organization with offices in Paramus and Trenton, representing more than 950 member companies.

My organization is already on record as opposing a minimum wage increase. While I won’t be repeating my previous testimony, CIANJ supports our colleagues here today. As part of the coalition, I will focus on the question of annual minimum wage increases tied to the consumer price index.

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

SCR-1 makes a case for indexing by saying it would provide “small manageable incremental” increases. But statistics show the CPI can be volatile. While the nation’s inflation rate is currently at about 2 percent, the rate of inflation soared to 13.6 percent in 1980. Even employers who could otherwise anticipate an increase in payroll costs were caught unprepared for that spike in inflation because just two years earlier, in 1978, the rate of inflation was 7.6 percent. If such drastic changes repeated themselves, employers would be hard pressed to adjust, resulting in jobs losses and layoffs.

Only 10 states have tied minimum wage increases to the CPI. The nonprofit research organization, Employment Policies Institute examined the effects of indexing the minimum wage. In a study released in 2009 the institute found “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 effects on teen unemployment in Washington State which has longest history with indexing since it was implemented in 1999. The study found teen employment skyrocketed by 58 percent since indexing began – a figure that was 24 percent higher than the average for non-indexed states.

For these reasons the coalition asks that you vote against SCR-1
POSITION STATEMENT

SCR-1

"This constitutional amendment increases New Jersey's hourly minimum wage to $8.25 and then makes annual adjustments based on any increase in the consumer price index (CPI)."

NJEA supports SCR-1 (Sweeney). Upon voter approval, this constitutional amendment would increase New Jersey's hourly minimum wage rate to $8.25 and then makes annual adjustments to the minimum wage rate based on any increase in the consumer price index (CPI).

NJEA supports SCR-1 because:

- The current rate of $7.25 amounts to $15,080 a year. This is below poverty level for a family of three, and is not nearly enough in our state to meet basic needs for food, housing, clothing and transportation. (According to the U.S. Census Bureau, a family of four (two adults, two children) earning less than $21,834 annually is below the poverty line.)

- 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 line.

- Children of poor families are up to six times more likely to drop out of high school than wealthy children.

- Children from homes that experience persistent poverty are more likely to have their cognitive development affected than children in affluent homes.

- 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.

- Many employers take advantage of teenagers and students, as they may be willing to work for less in order to secure a job. Raising the minimum wage will provide a living wage to teenagers and students who have to work to make ends meet, or to pay college tuition.

For the reasons identified above, NJEA asks you to vote in favor of SCR-1.

GGS/BSB/lcs
10/22/12
New Jersey Citizen Action and the NJ Time to Care Coalition Support of SCR1

Thank you for hearing testimony on this extremely important issue, and thank you to the sponsors of this bill. I am not only here on behalf of New Jersey’s largest citizen-watchdog organization, but also our over 60,000 members who share in our mission for economic and social justice. We are also part of the New Jersey “Time to Care” Coalition, a coalition of over 80 diverse organizations that supports initiatives that will help our working families better support and maintain their families. In line with those missions, we strongly believe we need to raise the minimum wage in New Jersey, and strongly support SCR1.

The current minimum wage of $7.25/hour is inadequate for working families trying to make ends meet in New Jersey. Full-time workers making this hourly rate earn just $14,500 a year, nearly $3,000 below the poverty line for a family of three. Because of these low wages, many workers need to rely on public benefits such as food stamps, which cost New Jersey taxpayers. It is estimated that for a New Jersey family to survive without government assistance, that family would have to earn between $48,000 and $82,000 a year, depending on the county. Even in the counties with the lowest living costs, there is roughly a $33,000 a year gap between actual wages and actual cost of living.

Opponents to this bill will likely say raising the minimum wage will result in job loss. Two decades of research, including a famous study done in NJ, show that raising the minimum wage does not result in job loss. To the contrary, raising the minimum wage puts money in the economy and can help create jobs. A 2011 study by the Chicago Federal Reserve Bank examining 23 years of household spending data found that for every dollar increase for a minimum wage worker results in $2,800 in new consumer spending by his or her household over the following year (Fed. Reserve Bank of Chicago, 2011). It is estimated that this additional economic activity could lead to the creation of close to 2,500 new full-time jobs. Good wages also make good business sense by helping companies retain workers and boost their productivity. Additionally, the impact of an increase would go well beyond just those 274,734 workers making minimum wage; it is estimated that over 200,000 low-income New Jersey workers would also see their wages rise. (EPI analysis of Current Population Survey based on federal minimum of $7.25).

Raising the minimum wage will have an immediate positive impact by helping struggling families keep up with rising costs. In fact, if New Jersey's 1968 minimum wage of $1.40 had increased at the rate of inflation, today it would be over $10.50. Significantly, SCR1 not only raises the minimum wage but also ties future increase to keep pace with increases in the cost of living. In closing it should be noted that minimum wage increases have been enacted, just as SCR1 proposes, in four others states, Colorado, Florida, Nevada, and Ohio. New Jersey Citizen Action and the Time to Care
Coalition support any means to raise the minimum wage and we urge the committee to vote YES on SCR1 today.
October 22, 2012

Dear Members of the Senate Labor Committee:

Statement in Support of SCR-1 (Sweeney / Ruiz) – Raises the Minimum Wage

The New Jersey State AFL-CIO is proud that legislative leaders in both houses of the New Jersey Legislature - Senate President Steve Sweeney and Assembly Speaker Sheila Oliver, are passionate advocates of raising the state’s minimum wage. In a high cost of living state such as ours, it is quite obvious that our current minimum wage is inadequate and needs to be corrected for the benefit of low income workers.

The State AFL-CIO’s goal on this issue is a simple one – we support the most comprehensive, long term solution possible. To achieve this goal, a COLA must be included. The reasons for a COLA are basic – it’s a permanent “fix” for low income workers due to the continuous erosion by inflation and it removes politics from the minimum wage issue in the future. It is our belief that low income workers should not suffer due to the volatility of the partisan environment inherent to our policy making process.

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 New Jersey. During the 2005 legislative debate, the COLA was removed from the legislation and was replaced with a five member Minimum Wage Advisory Commission, comprised of two labor representatives, two business representatives and the Commissioner of Labor. Conceptually, this Commission was charged with the task of researching approximately a dozen specific statistical indexes and then based on the outcome of that statistical analysis, issued a recommendation to the legislature.

The New Jersey State AFL-CIO had a representative on that commission since its inception, and to absolutely no one’s surprise, regardless of the statistical research presented that clearly established that the minimum wage was inadequate, each and every year the Commission met, a 3-2 vote was cast. When a Democrat was Governor, the recommendation was 3-2 to raise the minimum wage and include a COLA and when a Republican became Governor, the recommendation was 3-2 to not raise the minimum wage and not include a COLA.

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

"The Voice for Working Families in New Jersey"
At its core, raising 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 this problem. According to the Census Bureau, from 2007 – 2011, 63,322 children and 33,202 families in New Jersey have fallen into poverty, an increase of 28% and 24% respectively. The costs of health care, education, food, gas, electricity, and transportation are all escalating drastically, while the minimum wage is held at poverty level wages. This needs to change.

Finally, it should be noted that there is precedent for achieving a COLA via voter referendum and via constitutional amendment. COLA’s have been passed in 10 states, with 9 of those states accomplishing this via ballot initiative. Four of those nine were via Constitutional Amendment. Those states were Florida in 2004 and Nevada, Ohio and Colorado in 2006.

In closing, the New Jersey State AFL-CIO believes that with honest work should come dignity and we have the opportunity to take a significant step forward toward in obtaining that for New Jersey’s low income workers by passing this Constitutional Amendment.

Sincerely,

Charles Wowkanecz
President

Laurel Brennan
Secretary-Treasurer

CW:LB:jn
OPEIU:153
GOOD MORNING MR. CHAIRMAN AND MEMBERS OF THE SENATE LABOR COMMITTEE, MY NAME IS JIMMY BENNETT AND THANK YOU FOR ALLOWING ME TO APPEAR BEFORE YOU THIS MORNING. I APPEAR ON BEHALF OF THE NEW JERSEY LICENSED BEVERAGE ASSOCIATION, OF WHICH I AM PROUD TO SERVE AS VICE PRESIDENT AND AS A MEMBER OF THE BOARD OF DIRECTORS.

THE NEW JERSEY LICENSED BEVERAGE ASSOCIATION, FOUNDED IN 1933, IS A STATEWIDE TRADE ASSOCIATION REPRESENTING THOUSANDS OF BARS, TAVERNS AND RESTAURANTS HERE IN TRENTON AND IN WASHINGTON D.C., AS WELL AS PROVIDING OUR MEMBERSHIP WITH EDUCATION AND ADVICE AS TO PROPER AND PROFITABLE TRADE PRACTICES.

I AM THE OWNER AND OPERATOR OF __________________________. (DESCRIBE JIMMY'S BUSINESS AND YEARLY/SEASONAL EMPLOYEES HERE) ON BEHALF OF MY BUSINESSES AND THE THOUSANDS WHOSE VIEWS WE AT THE NJLBA REPRESENT, I APPEAR BEFORE YOU THIS MORNING TO RESPECTFULLY OPPOSE SCR1 – THE SENATE CONCURRENT RESOLUTION TO AMEND THE NEW JERSEY CONSTITUTION TO SET THE MINIMUM WAGE AT $8.25 PER HOUR WITH ANNUAL ADJUSTMENTS FOR INFLATION.

INTRACTABLE ECONOMY. OVERALL, THE ON-PREMISES CONSUMPTION SECTOR IS DOWN APPROXIMATELY 30%. PEOPLE JUST DON’T HAVE THE MONEY THEY ONCE HAD TO GO OUT TO DINNER. WHEN THEY DO, THE RECEIPTS ARE SMALLER AS PEOPLE SKIP AN APPETIZER, A DESSERT OR THAT EXTRA GLASS OF WINE, BEER OR SPIRITS. THE ECONOMIC DAMAGE TO OUR INDUSTRY IS REAL AND MEASURABLE. THE NUMBER OF ALCOHOLIC BEVERAGE LICENSEE CREDIT DEFAULTS IS OVER 30% - THE HIGHEST NUMBER SINCE THE GREAT DEPRESSION. 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 1400 IN 2012. 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. WITH OUR INDUSTRY MIRED IN A DEEP ECONOMIC DOWNTURN, ALREADY STRAPPED FOR REVENUE AND FACING TIGHT LENDING CREDIT, THE LAST THING WE NEED IS AN INCREASE IN THE MINIMUM WAGE. I CAN TELL YOU FIRST-HAND THAT IF SCR1 BECOMES NEW JERSEY LAW, THAT 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, SCR1 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 IS SCR1’S PROPOSED CONSTITUTIONAL MANDATE OF ANNUAL INCREASES IN THE MINIMUM WAGE. WHILE WE MOST CERTAINLY KNOW THAT NOW 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. LOCKING NEW JERSEY INTO THIS EXPENSIVE GLIDE PATH FLIES IN THE FACE OF ECONOMIC PRUDENCE AND SHOULD BE REJECTED AS ILL-CONSIDERED AND COUNTER-PRODUCTIVE.

THANK YOU ONCE AGAIN FOR THE OPPORTUNITY TO TESTIFY.
C.A.T.A. – The Farmworkers’ Support Committee
4 South Delsea Drive
Glassboro, NJ 08028
(856) 881-2507

Testimony of C.A.T.A. – The Farmworkers’ Support Committee
IN SUPPORT OF SENATE CONCURRENT RESOLUTION No. 1: Amends Constitution to set minimum wage at $8.25 per hour with annual adjustments for inflation
Before the Senate Labor Committee
October 22, 2012

C.A.T.A, el Comité de Apoyo a los Trabajadores Agrícolas/The Farmworkers’ Support Committee, supports the passage of a Senate bill to raise the minimum wage. C.A.T.A. is a migrant farmworker organization that is governed by and comprised of workers who are actively engaged in the struggle for better working and living conditions. We represent approximately 4,000 members throughout southern New Jersey, Pennsylvania, and Maryland. CATA’s mission is to empower and educate farmworkers and other low-wage workers through leadership development and capacity building so that they are able to make informed decisions regarding the best course of action for their interests.

A raise in the minimum wage would directly affect our members’ quality of life, and would bring them closer to earning a living wage. Attached to this testimony are several first-hand accounts from CATA members about the struggles they face trying to live off of the current minimum wage. In the words of CATA leader Zenón Perez, “We ask that in some way, you 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.”

According to the Bureau of Labor Statistics, farm work is consistently ranked amongst the lowest-paid occupations in the country.¹ Many of our members live in conditions of poverty – despite working at least 40 hours a week, usually more, trying to make ends meet. They work in manual labor jobs including farm work, landscaping, construction, and meat-packing and food processing plants – jobs where the bottom line is often getting the work done in the quickest, cheapest way possible. Our members are often subjected to exposure to pesticides and harmful chemicals, are at risk for heat-stroke, and are treated without respect in their places of work. A higher minimum wage is one way of helping them to receive a salary that is closer to the actual value of their hard work to employers.

Critics claim that an increase in the minimum wage would result in job loss. Yet, the data from states, counties, and municipalities that have enacted minimum wage increases shows that this is

not the case. In fact, an increase in minimum wage would likely increase low-wage workers’ buying power and help to stimulate the economy.

We very much support legislation to increase the minimum wage. Additionally, we would like to ask the members of the committee to seek to expand the protections available to low-wage workers under minimum wage law. Specifically:

- We urge you to end the exemption of farmworkers from receiving overtime pay. Farmworkers have arduous jobs that require long days and they have the right to be paid for their time and overtime, the same as any other New Jersey worker.

- While we support an increase in the minimum wage, it is important to remember that even a minimum wage of $8.25 is not a living wage. An estimate of a living wage for NJ residents is $11.13/hour for a single adult, $22.01/hour for a single parent with one child, and $33.73/hour for a family of four, calculated by Poverty for America based on data from the Department of Labor, the USDA, and the Department of Housing and Urban Development. We urge the committee to consider further legislation to ensure that the New Jersey minimum wage guarantees a basic standard of living for all workers.

We strongly support the intent of the Resolution: to ensure that all workers in New Jersey are compensated fairly for their work and able to meet their own needs and the needs of their family members.

We urge the members of the Labor Committee and the Senate to take into account the testimonies of CATA members and other low-wage workers, whose need for an increase to the minimum wage is great. Delaying the implementation of the minimum wage increase has a direct impact on the day-to-day lives of these New Jersey residents, as they continue to struggle to get by while earning an inadequate wage. Workers’ wage rate stays the same, while their costs keep rising.

We support whatever vehicle will enable workers to benefit from an increased minimum wage as soon as possible, and will enable workers to continue to benefit from minimum wage increases in the future as costs continue to rise.

Furthermore, we urge the Committee to consider further legislation to ensure that a living wage and overtime protections are extended to all NJ workers.

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3 http://livingwage.mit.edu/states/34
Raise the New Jersey Minimum Wage!

New Jersey couldn’t be the GARDEN STATE without its farmworkers and food processing workers. These workers, who number in the tens of thousands, deserve fair compensation for their hard work. Here is just one of their stories:

My name is Crescenciano José Sánchez. I’m from Oaxaca, Mexico, and I’ve been living in Bridgeton, NJ, for the past 7 years. All the time I’ve been in Bridgeton, I’ve been participating in the organization CATA – the Farmworker Support Committee. I am a member of the Board of the organization.

I came to the United States to support my family. My wife is sick with rheumatoid arthritis and she can’t work. She has some very expensive medicines – at least $80 or $90 a month.

We have two children, a 14-year-old daughter and an 11-year-old son. I didn’t want to leave my family, and it’s very hard for me to be away from them and try to still uphold my responsibilities as a father and husband. But, there’s no other option. Where we lived, there wasn’t enough work to support us.

Right now I’m working in a tomato packing plant. We have a union, so we don’t make minimum wage, but a little more. Even so, this barely covers my own expenses. There are some months that I can’t even send any money to my wife because I didn’t make enough. The prices for food are high. On top of that, I have my own medical expenses, because I have diabetes and need to take medicine and go to regular appointments.

I would like to take another job, but it’s hard because where I’m working, the schedule isn’t fixed, so I never know when I’m going to be available to work. I support an increase in the New Jersey minimum wage. It’s true that $8.50 isn’t enough to live with dignity either. For me, a living wage would be between $13 and $14 an hour, with 40 hours of work a week.

At the same time, an increase to $8.50 an hour would still benefit many people, in particular people with families, who have all the expenses for their children. Many times both the father and mother are working 40 hours a week or more, making the minimum wage or a little more, and even this isn’t enough.

We immigrants are willing to work – that’s why we came here. I would like to know that, for the hard work I’m doing, I’m earning a just wage that lets me support myself and my family. The proposed increase to the minimum wage is a step towards the fair wage we all deserve.
 Que se Suba el Sueldo Mínimo de Nueva Jersey!

No se podría referir a New Jersey como el GARDEN STATE sin los trabajadores agrícolas y los que procesan la comida. Son miles de trabajadores, y merecen una compensación justa por su trabajo duro. Aquí hay la historia de solamente uno de ellos:

Mi nombre es Crescenciano José Sánchez. Soy de Oaxaca, México, y tengo 7 años viviendo en Bridgeton, NJ. Todo los años que tengo en Bridgeton, he participado con la organización CATA – El Comité de Apoyo a los Trabajadores Agrícolas. Soy miembro de la Junta Directiva de la organización.

Yo vine a Estados Unidos para apoyar a mi familia. Mi esposa está enferma con el reumatismo, y no puede trabajar. Ella tiene unas medicinas bien caras – al mínimo son $80 o $90 al mes.

Tenemos dos hijos, una niña de 14 años y un niño de 11 años. No quise dejar a la familia, y me cuesta mucho estar lejos de ellos y tratar de cumplir mis responsabilidades como padre y esposo. Pero no hay otro. Donde vivíamos, no había trabajo suficiente para sostenernos.

Estoy trabajando ahora en una empacadora de tomates. Allí tenemos una unión así que no ganamos el mínimo, sino un poco más. Esto apenas alcanza mis gastos. Son meses que ni puedo enviar nada a mi esposa porque no gano lo suficiente. Los precios de la comida son altos – yo estoy pagando $300-400 al mes por mi comida. Además, tengo gastos médicos míos, porque tengo diabetes y necesito tomar medicina e ir a citas regulares.

Me gustaría agarrar otro trabajo, pero es difícil porque donde estoy, el horario no está fijo, así que nunca sé cuando voy a estar disponible para trabajar.

Yo apoyo un aumento al sueldo mínimo. Claro, el $8.50 tampoco es suficiente para la vida digna. Para mí, un sueldo adecuado sería entre $13 y $14 la hora, con 40 horas de trabajo a la semana.

A la vez, un aumento a $8.50 la hora sí traería beneficio para muchas personas, en particular para las personas que tienen familia aquí, y tienen todos los gastos por los niños. Muchas veces tanto el padre como la madre está trabajando las 40 horas a la semana o más, ganando el mínimo o un poco más, y ni así se alcanza el dinero.

Nosotros los inmigrantes hemos estado dispuestos a trabajar, por esa razón estamos aquí. Me gustaría saber que por el trabajo duro que estoy haciendo, estoy ganando un sueldo digno que me permita sostenerme a mí y a mi familia. El aumento propuesto al sueldo mínimo es un paso hacia el sueldo digno que merecemos.
Raise the New Jersey Minimum Wage!

My name is Yesica Segura, and I have been living in Penns Grove, NJ, for 16 years. My 3 children go to school in Penns Grove. I have done a variety of jobs in this area.

I am writing as a resident of Penns Grove and as the President of CATA – El Comité de Apoyo a los Trabajadores Agrícolas / The Farmworkers’ Support Committee. CATA is an organization of farmworkers and other migrant workers – people who work packing fruits and vegetables, in construction, landscaping, etc. We have members around Cumberland, Salem, Atlantic, and Gloucester counties.

A large part of our members earn the minimum wage of $7.25. We support the increase to the minimum wage. The members of NJ have identified this as a priority.

We don’t think that many people in the government are earning the minimum wage. The most affected people are us, low-income people. We know that this is truly necessary.

As an example of this, I am going to help you think and evaluate the need that we have for an increase.

Someone who has between 2 and 3 kids and is single and works in a packinghouse earning $8.50 an hour, for 40 hours a week, would be earning around $340.00 per week. This would be about $1,360.00 a month, but of course we have to remember that we will have to deduct taxes, health insurance, Social Security, and maybe for the majority of people something else.

Knowing this, we will have to take into account that this isn’t all. Now comes the true fight to stretch the money to the limit, and although we don’t like it here are some of the most necessary expenses that we have.

- Rent for housing: between $1,000.00 and $1,500.00 for 2 rooms
- Electric bill: between $300.00 in the summer and $90.00 to $150.00 during the winter
- Food costs: between $600.00 and $800.00 a month
- Gas: $150.00 (of course, if your car is small, and your trip to work is short)

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As we saw in this example, we now have a deficit of $690.00, and we still haven’t taken into account that many people also have gas service added to their expenses, and we will have to add medical costs and other less “necessary” costs like the phone, shoes, and clothes.

Given all of this, I know and understand that we have a real need. So, now it’s time to take the step and enact the increase that we need. We can’t keep waiting to make miracles with the little that we are earning now.

That’s why we are calling on Senator Sweeney to bring the proposal to a vote and on all the members of the legislature to support it. So that we workers of New Jersey can have the just wage for the hard work that we do.

Me llamo Yesica Segura, y tengo 16 años como residenta de Penns Grove, NJ. Mis 3 hijos van a la escuela en Penns Grove. He hecho varios trabajos en esta área.

Hablo como residenta de Penns Grove y también como Presidenta de CATA – El Comité de Apoyo a los Trabajadores Agrícolas. CATA es una organización de trabajadores agrícolas y otros trabajadores migrantes – gente que trabaja empaquendo frutas y verduras, haciendo construcciones, landscaping, etc. Tenemos socios alrededor de los condados de Cumberland, Salem, Atlantic, y Gloucester.

Una gran parte de los socios de la organización ganan el sueldo mínimo de $7.25. Apoyamos el aumento al sueldo mínimo. La membresía de NJ ha identificado esto como prioridad.

No creemos que muchas personas del gobierno estén ganando el sueldo mínimo. Los más afectados somos nosotros, las personas de bajos recursos. Sabemos que esto es verdaderamente necesario.

Como ejemplo al mismo les voy a ayudar a pensar y a evaluar la necesidad que tenemos de ese aumento.

Una persona que tiene entre 2 a 3 hijos y así mismo es soltera y trabaja en una fábrica ganando $8.50 por hora, por 40 horas a la semana vendría ganando alrededor de $340.00 a la semana, esto sería algo así como $1360.00 al mes, pero claro hay que recordar que al mismo tendremos que deducir, taxes, seguro médico, seguro social y tal vez a la mayoría algo más.

Sabiendo lo anterior, tendremos que tomar en cuenta que esto no se queda así, ya que ahora viene la verdadera batalla para estirar el dinero a más no poder, y aunque no nos agrade estos son algunos de los gastos más necesarios que hay por hacer.

- Renta de vivienda: entre $1000.00 a 1050.00 por 2 habitaciones
- Pago de electricidad: entre $300.00 en verano y $90.00 a $150.00 en invierno.
- Un gasto de alimentos: entre $600.00 a $ 800.00 por mes.
- Gasolina: $150.00 (claro si tu automóvil es pequeño y tu viaje al sitio de trabajo es corto).
$1000.00
$ 300.00
$ 600.00
+ $ 150.00
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$ 2050.00

Como ya vimos en el ejemplo anterior, ya tenemos un déficit de $690.00 y todavía no hemos tomado en cuenta que muchas de las personas también tienen el servicio de gas agregado a sus gastos y nosotros tendremos que sumar los gastos de doctor y otros no tan "necesarios" como lo son el teléfono, calzado, vestimenta.

Por lo antes escrito sé y entiendo que realmente es una necesidad que tenemos. Por lo tanto ya es hora de que se dé el paso y se dé el aumento que necesitamos. No podemos seguir esperando a que se haga el milagro con lo poco que hasta ahora ganamos.

Por eso estamos llamando al Senador Sweeney que lleve la propuesta al voto y a todos los miembros de la legislatura que la apoyen. Así para que nosotros los trabajadores de Nueva Jersey tengamos un sueldo digno por el trabajo duro que hacemos.
Raise the New Jersey Minimum Wage!

New Jersey couldn’t be the **GARDEN STATE** without its farmworkers and food processing workers. These workers, who number in the tens of thousands, deserve fair compensation for their hard work. Here is just one of their stories:

I am a member of the organization CATA and my name is Zenón Pérez. I join the people of New Jersey and all who live in the U.S., with the goal that those work in the house of representatives and the Congress understand the reality of why we are demanding an increase to the minimum wage, which currently is $7.25: for the simple reason that the minimum wage is not enough to get by.

The work that we do is work on farms and in landscaping, and they are seasonal jobs, 6 to 7 months a year. The total amount of money that we earn during the season is $9,500. You have to take into account that there are 3 or 4 months of the year when there isn’t work on the farm, so you have to save money so that what you earn during the season lasts you the whole year.

I would like you to analyze the situation of a family with two children in school. Their costs are rent, buying food, and buying clothes for their children – which I know is the responsibility of all parents. To explain further our situation, rent is around $850 to $1200 a month, besides the expenses mentioned above – it’s impossible to maintain a family of 2 or 3 kids.

It’s not necessary to be good at math to understand our lives, the people who earn the minimum wage and who work seasonal jobs. We ask that in some way, you 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.

We hope that you understand our appeal, taking into account our work harvesting the products that society consumes, as a guarantee of your understanding of the importance of this.
¡Que se Suba el Sueldo Mínimo de Nueva Jersey!

No se podría referir a New Jersey como el GARDEN STATE sin los trabajadores agrícolas y los que procesan la comida. Son miles de trabajadores, y merecen una compensación justa por su trabajo duro. Aquí hay la historia de solamente uno de ellos:

Soy un miembro y socio de la organización CATA y mi nombre es Zenón Perez. Me uno a todas las personas del estado de NJ y todas las personas que viven en Estados Unidos, con la finalidad de que las personas que trabajan en la casa de representantes y el Congreso, sepan la realidad por qué estamos exigiendo un aumento al sueldo mínimo, que actualmente es de $7.25: por la sencilla razón que no nos alcanza.

Los trabajos que realizamos son los trabajos en las fincas y jardinería, y son trabajos temporales, de 6 a 7 meses al año. El total de dinero que ganamos en la temporada es de $9,500. Hay que tomar en cuenta que son 3 o 4 meses del año cuando no hay trabajo en la finca, así que uno tiene que ir ahorrando para que lo que gana durante la temporada le alcance todo el año.

Deseo que lo analicen con una familia de dos hijos entrando en la escuela. Los gastos son la renta, la compra de comida, y la compra de ropas para los hijos – yo sé que eso es responsabilidad de cada padre. Dando más explicación a nuestra situación, la renta es alrededor de $850 a $1200 al mes, aparte lo mencionado arriba, los gastos, es imposible mantener una familia de 2 hijos o 3.

No se necesita ser bueno en la matemática para entender nuestra vida, de la gente que gana el sueldo mínimo y con trabajos temporales. Deseamos que de alguna manera, hagan un esfuerzo de aumentar los sueldos, para poder superar la línea de la pobreza, en donde estamos ubicados. Solo pedimos lo justo para poder sobrevivir.

Esperamos su comprensión y entendimiento a nuestro reclamo, poniendo nuestro trabajo de recolectar los productos que la sociedad consume como garantía a su buena comprensión.
Raise the New Jersey Minimum Wage!

New Jersey couldn’t be the **GARDEN STATE** without its farmworkers and food processing workers. These workers, who number in the tens of thousands, deserve fair compensation for their hard work. Here is just one of their stories:

My name is Juan, and I’ve been working on a vegetable farm in Vineland, NJ, for 25 years. I came to the US to make money to put my 3 kids through school. In Mexico, we planted onions, sugarcane, and other crops, but a lot of the time, we just didn’t make enough money. If the prices for selling food were low, you could even end up losing money.

Now I’m working picking peppers, squash, radishes, and other vegetables. We work 6 days a week, 10 hours a day. It’s not just any job we do! It’s hard work, and the pay is low. But we have to do it. This is the work that is available to us.

Here we live in a house which belongs to the farmer, so we don’t pay rent. If it weren’t for that, what he is paying us would not be enough to live on. Gas prices are going up, food prices, medical costs. But what doesn't go up is our pay.

For example: when I first started working here, in 1986, gas was selling at $0.99 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.
¡Que se Suba el Sueldo Mínimo de Nueva Jersey!

No se podría referir a New Jersey como el GARDEN STATE sin los trabajadores agrícolas y los que procesan la comida. Son miles de trabajadores, y merecen una compensación justa por su trabajo duro. Aquí hay la historia de solamente uno de ellos:

Me llamo Juan, y llevo 25 años trabajando en una finca de verdura en Vineland, NJ. Yo vine a EEUU para dar estudios a mis tres niños. En México, sembrábamos cebolla, caña, y otros cultivos, pero muchas veces no alcanzaba el dinero. Si los precios para vender la comida estaban bajas, hasta salía uno perdiendo.

Yo ahora trabajo cortando chile, calabaza, rábano, y otras verduras. Trabajamos los 6 días de la semana, 10 horas diarias. ¡No es cualquier trabajo que hacemos! Está muy pesado, y barato el pago. Pero la necesidad obliga hacerlo. Este es el trabajo que nos ofrecen.

Aquí vivimos en una casa del farmer, así que no pagamos renta. Si no fuera por eso, no nos alcanzaría lo que nos están pagando. Va subiendo el costo de la gas, de la comida, los gastos médicos. Pero lo que no sube es el salario.

Por ejemplo: cuando primero empecé a trabajar aquí, en el año 1986, la gasolina se vendía a $0.99 el galón. La comida también estaba más barata. Pagaban $5.25 la hora, lo cual fue el mínimo en esos días. Ahora mismo se vende la gasolina a $3.69. Y al subir la gasolina, suben todos los precios . Pero han subido el mínimo solamente $2, a $7.25. No es equivalente.
TO: Members of New Jersey Senate Labor Committee  
FROM: Bill Mullen, NJ State Building and Construction Trades Council President  
DATE: October 22, 2012  
RE: Testimony in support of SCR-1  

On behalf of the New Jersey Building and Construction Trades Council, I urge your support of Senate Concurrent Resolution - One, a measure to amend the New Jersey Constitution to increase the hourly minimum wage with annual adjustments for inflation.

The New Jersey Building and Construction Trades Council applauds Senate President Sweeney’s continued effort to fight for working men and women of the state by introducing this constitutional amendment, which, if passed by the Legislature, would be on the ballot in 2013, and would ask the voters to increase New Jersey's minimum wage to $8.25 an hour beginning in 2014.

One of the most notable benefits of this measure is that once it becomes effective, it would provide regular, annual cost-of-living adjustments to the minimum wage benefit thus minimizing the impact of inflation on New Jersey’s most vulnerable, low income workers.

In addition, this measure would also provide protection to New Jersey employers from what has become a historic pattern of large, sudden increases in the minimum wage with long periods without increases. By providing regular small, manageable, incremental increases to the minimum wage, New Jersey employers will no longer be “zinged” every so often by a sudden and large payroll increase.

The idea that an increase in the minimum wage has a negative impact on a state’s economy is simply not true, based the Garden State’s rate increase history, and based upon the United States Department of Labor data. On April 12, 2005, New Jersey's minimum hourly wage was increased from $5.15 to $7.15 over the subsequent two years. This rate was $2.00 higher than the current federally-mandated $5.15 minimum hourly wage. New Jersey’s wage increased to $6.15 per hour on October 1, 2005, and then to $7.15, effective October 1, 2006.

(More)
Fire did not erupt from the Earth’s core and the sky did not fall. In fact, the state’s unemployment rate – a key economic indicator - remained well below the national average during the same time the state’s minimum wage rate was being increased. When the housing bubble burst and the mortgage and banking markets collapsed is the time we began to see the state’s unemployment rate increase.

Recent federal labor data suggests similar experience in other states as experienced in New Jersey. In December, 2011 Washington State’s minimum wage was $8.67 an hour (increased to $9.04 in January, 2012), Oregon’s minimum wage was $8.50 an hour (increased to $8.80), Vermont’s minimum wage was $8.15 an hour (increased to $8.46), Ohio’s minimum wage was $7.40 an hour (increased to $7.70), Arizona’s minimum wage was $7.35 an hour (increased to $7.65), Montana’s minimum wage was $7.35 an hour (increased to $7.65), Colorado’s minimum wage was $7.36 an hour (increased to $7.64) and Florida’s minimum wage was $7.31 an hour (increased to $7.67).

The statistics show that only Colorado’s unemployment rate went from where it stood in December 2011 (7.9%) to where it is now (8.3%). The other state’s jobless rates fell over that time. Washington went from 8.6% in December, 2011 to 8.5% now. Oregon went from 9% to 8.7%. Vermont went from 5.2% to 5%. Ohio went from 7.9% to 7.2%. Arizona went from 9% to 8.3%. Montana went from 6.6% to 6.4% and Florida went from 9.9% to 8.8%.

The reason the New Jersey Building and Construction Trades Council – a set of private unions that predominantly perform above minimum private sector work – is supporting this measure is because when the floor of the state’s lowest wage rate is increased it helps to raise the wage rate bar for the state’s entire workforce and will help effectively appreciate all working salaries over time.

The NJBCTC coordinates activities and provides resources to 15 affiliated trades unions in the construction industry. We represent 13 Local Building Trades Councils, more than 100 local unions and over 150,000 rank and file members.

Affiliated building trades members include, Boilermakers, Bricklayers and Allied Crafts, Carpenters, Electricians, Elevator Constructors, Finishing Trades (Painters, Glaziers, and Drywall Finishers), Insulators, Iron Workers, Laborers, Operating Engineers, Operative Plasterers and Cement Masons, Pipe Trades (Plumbers and Pipefitters, Sprinkler Fitters, HVAC Service Technicians), Roofers, Sheet Metal Workers, Teamsters.

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TESTIMONY OF
KATHLEEN A. DAVIS
EXECUTIVE VICE PRESIDENT & CHIEF OPERATING OFFICER
CHAMBER OF COMMERCE SOUTHERN NEW JERSEY

ON

SCR-1 (SWEENEY)

TO THE SENATE LABOR COMMITTEE

OCTOBER 22, 2012
Chairman Madden and members of the Senate Labor Committee. I appreciate the opportunity to offer our views on SCR-1 (Sweeney), which proposes to amend the Constitution to increase the minimum wage to $8.25 per hour, with future adjustments tied to the Consumer Price Index.

I'd like to offer my testimony in four distinct sections: 2005 and today; a summary of our member survey on this issue; the research on effects of increasing the minimum wage; and conclusions.

Then and Now

The last time the state increased the minimum wage above the federal minimum was in 2005. The state’s economic picture was much different then. New Jersey’s unemployment rate was 4.5%. In August 2005, employment was at an all time high in New Jersey. Even though our state suffered a milder recession than the nation following 9/11, our state was experiencing weaker expansion than the nation.

It was in January 2005 that I testified before the Senate Labor Committee along with a member of our Board of Directors, William Eubanks, Ill, President & CEO of Eubanks Enterprises, a franchisee of 29 Kentucky Fried Chicken restaurants. In 2001, Mr. Eubanks decided to invest $15 million in our state. Twenty one of his restaurants were located in South Jersey, including a newly constructed one in Mays Landing. He employed 650 people, a vast majority of whom were young workers who were paid minimum wage. But, instead of expanding, he was closing restaurants.

Mr. Eubanks pointed out to the Committee members that increasing the minimum wage was just part of the overall picture of doing business in New Jersey. At the time, he was faced with absorbing $17,000 more in corporate taxes because of the changes that were made to the corporation business tax in 2002; his workers’ compensation insurance increased 30% over three years; medical insurance, utility costs, and property and casualty insurance rates were also on the rise. As a result of these increases, Mr. Eubanks was forced to close four of his restaurants.
The immediate cost impact of increasing the minimum wage was $200,000. He predicted that he would have to close six of his stores that were barely making enough profit to keep them open, and that 120 – 150 employees would lose their jobs. Finally, he would scrap his plans to invest further in the state.

Not only did Mr. Eubanks close five stores, he closed all of his stores and left the state in November 2007. This is a real life example of the impact of increasing the minimum wage.

Today, the unemployment rate in New Jersey is double what it was in 2005. The job picture is just starting to recover, with unemployment ticking down and the private sector job gaining 39,400 jobs between December 2010 and December 2011. However, manufacturing, the trades, transportation and utilities, construction, and leisure and hospitality continue to shed jobs. Now is not the time to burden business with increased costs.

The Research

There have been countless studies conducted and papers written on the impacts of increasing the minimum wage. Proponents contend that increasing the minimum wage increase injects more money into the economy, actually creates jobs and reduces poverty. Some contend that the vast majority of minimum wage earners are adults whose families depend upon their earnings to make ends meet and that workers who earn the minimum wage must wait for an act of Congress to get a raise! The facts do not bear this out.

In my quest to understand the impacts of a minimum wage increase, I came across a November 2006 paper written by David Neumark, a Professor of Economics at University of California Irvine, and a Research Associate at the National Bureau of Economic Research; and William Wascher, Deputy Associate Director, Division of Research and Statistics at the Board of Governors of the Federal Reserve System.
These two economists analyzed studies of the new minimum wage research conducted by various economists on the impacts of increasing the minimum wage. Their analysis included more than 100 studies on the impacts of increasing the minimum wage on various age groups, low wage workers, employment sectors, and state specific.

Their findings: “Although the wide range of estimates is striking, the oft-stated assertion that the new minimum wage research fails to support the traditional view that the minimum wage reduces the employment of low-wage workers is clearly incorrect. Indeed, in our view, the preponderance of the evidence points to the disemployment effects.” The authors go on to state that 85 percent of the more credible studies point to negative employment effects, and it’s the least-skilled groups that are the most likely to be adversely affected. They found very few cases where a study provided convincing evidence of positive employment effects of minimum wage increases.

The researchers concluded: “In sum, we view the literature – when read broadly and critically – as largely solidifying the conventional view that minimum wages reduce employment among low-skilled workers…”

In 2001, Dr. Richard Vedder and Dr. Lowell Gallaway, both of whom are Distinguished Professors of Economics at Ohio University, conducted a study for the Employment Policies Institute entitled, “Does the Minimum Wage Reduce Poverty?” Their conclusion was, because of its inefficient targeting of the poor and the unintended consequences on employment and earning, increasing the minimum wage was ineffective as an antipoverty device. They further found no statistically significant poverty reducing effects in the states whose minimum wage was higher than the federal minimum wage.

As economist Joseph Stiglitz puts it, "Of course, those who are lucky enough to get a job will be better off at the higher wage than at the market equilibrium wage; but there are others, who might have been employed at the lower market equilibrium wage, who cannot find employment and are worse off."

And, "Most poor people earn more than minimum wage when they are working; their problem is not low wages. The problem comes when they are not working."
CCSNJ Member Survey Results

Earlier this year, we surveyed our members as to their attitudes toward a minimum wage increase. Not surprisingly, a majority of our members – 56% -- opposed the increase. Our members, 85% of whom are small business, are the ones who create the jobs. The number one reason they oppose the increase is the impact on the cost to the customer. An increase in labor costs will force these businesses to pass on the increase to their customer. It will make them less competitive, and will increase the price for the consumer of their product or service.

Other comments worth noting on why they oppose the increase:

“Increases to the minimum wage pushes all wages upward to keep higher paid workers ahead of entry level.”

“Would make us less competitive. We would have layoffs.”

“There have been so many increases in employer related costs that it will put a burden on our customers to try to increase their rates due to an increase in the minimum wage.”

“If wages go up, I have to pass the cost on to my passengers...I don’t think the market will bear a passenger cost increase.”

“Any potential employee whose value is deemed beneath the ‘minimum wage’ will not be hired. Additionally, it will raise our costs for supplies.”

“We are a small business and need the flexibility to utilize minimum wage during probationary periods to keep training costs down. In addition, if the minimum wage increases, employees who are being paid above the minimum wage may expect a corresponding increase in their base salary.”

“Can’t pay employees more with sales still stagnant and other costs continuing to rise.”

Of those respondents who oppose increasing the minimum wage, 42% indicated that they would have to increase the wages of other employees if the minimum wage is increased. Of that group, three quarters do not pay the minimum wage to their employees. In other words, the impact of increasing the minimum wage goes beyond just those businesses who pay, and those employees who are paid, the minimum wage. The $1.00 gap between the existing and new minimum wage will have far reaching effects in terms of impact on wages. If you increase the pay at the low end of the scale, then those with more experience and more skill must also be increased. As one member puts it, “It sets an expectation that skilled people deserve $X more than minimum wage.”
And another member states, “We cannot increase our lowest level earners without increasing those above them, as they would be making a similar salary for completely different responsibilities and job titles.”

Of those who support the minimum wage increase, the number one reason was that New Jersey is a high cost state in which to live. Isn’t this the real problem?

**Who Benefits from a Minimum Wage Increase?**

According to the US Bureau of Labor Statistics, among those workers paid by the hour, 1.8 million (2.5%) earned exactly the prevailing Federal minimum wage of $7.25 per hour. Among all those in the labor force in the US, the percentage of those workers being paid the minimum wage is 1.37%.

Who are these workers? According to the Bureau’s report, “Minimum wage workers tend to be young. Although workers under age 25 represented only about one-fifth of hourly-paid workers, they made up about half of those paid the Federal minimum wage or less. Among employed teenagers paid by the hour, about 25 percent earned the minimum wage or less, compared with about 4 percent of workers age 25 and over.”

As expected, education plays an important role in the pay of hourly workers. “Among hourly-paid workers age 16 and over, about 13 percent of those who had less than a high school diploma earned the Federal minimum wage or less, compared with about 5 percent of those who had a high school diploma (with no college) and about 3 percent of college graduates.”

And, a much larger percentage of part-time workers (14%) earned the minimum wage versus full time workers (3%).

If we apply that percentage to the New Jersey the number of employed in our state – some 4,143,900 – that means 56,771 workers are being paid minimum wage. We do not know how many are paid between the current minimum wage and $8.25+ per hour, as their wages, too, will have to be increased.
Conclusions

- Yes, New Jersey is an expensive state in which to live – but, it’s also expensive for businesses, too! They are the ones who are creating jobs, and if their costs increase, they cannot create jobs.

- Increasing the minimum wage will put us out of synch with our neighboring states – Pennsylvania, New York and Delaware, all of whom pay the federal rate.

- The very Commission that was created by the 2005 law – the New Jersey Minimum Wage Advisory Commission – advised against increasing the minimum wage in its December 1, 2011 report, citing that the recovery is still fragile.

- While increasing the minimum wage will help some workers, it will not help the unemployed – it will not create jobs and, as backed up by numerous economic studies, will, in fact, decrease employment.

We suggest focus on creating jobs for the unemployed, training lower skilled workers, improving educational opportunities to allow students to achieve their maximum potential, and finding ways to make living our state less expensive – including continuing to reduce spending at all levels of government.

Thank you for the opportunity to present our views on SCR-1.