

# NEW JERSEY STATE AFL-CIO

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August 22, 2008

Shelly Friedman  
Executive Assistant  
Department of Labor and Workforce Development  
Office of Labor Standards and Safety Enforcement  
PO Box 054  
Trenton, NJ 08625-0054

### **RE: Public Comment Regarding the Evaluation by the New Jersey Minimum Wage Advisory Commission (MWAC): The Adequacy of the Minimum Wage**

Dear Ms. Friedman:

As the MWAC collects data and evaluates the "adequacy of the minimum wage in New Jersey," we would like to provide the following information that illustrates the need for enactment of a three part legislative proposal.

- In 2007, the overall cost of living in New Jersey was the fourth highest in the nation, yet as of June 2008, 14 states plus the District of Columbia have a higher minimum wage.(1)
- Based upon legislation already enacted and inflation projections, by 2010, New Jersey will rank 17<sup>th</sup> in regard to the minimum wage level.(2)
- New Jersey is one of ten states with the largest increase in income disparity since the late 1980s. It is ninth in the growth of inequality between the top and bottom earners, and seventh in growth of inequality between high and middle income residents.(3)
- New Jersey is one of only two states, joined by Virginia, that has no base cash wage protection for tipped workers. An example of the negative impact of this on New Jersey workers is in the food service industry. New Jersey's waiters and waitresses make a median wage of \$8 an hour after tips are included.(4) Multiplying this wage by a 40- hour work week and 52 weeks of work each year, these workers earn \$16,640, on average. The poverty level for a single-parent with one child in Middlesex County for example – is \$17,600. And the self –sufficiency standard (calculated as the real cost to live a non-poverty lifestyle in New Jersey) is \$61,149 for the same family, or more than three times the current wage for the average waiter or waitress.(5)

- Although New Jersey is one of the more progressive states in the nation, it has yet to act on indexing the minimum wage – ten other states, many of which have a significantly lower cost of living, have already done so.
- According to a report issued in April 2008, in New Jersey 20% of workers do not earn enough to afford the most basic essentials, including housing and food. The study specifies that the lowest hourly wage in which a single worker with no children can earn in order to afford these essentials in the least expensive county in the state is \$8.58.(5)

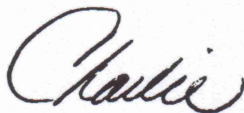
For these reasons, the New Jersey State AFL-CIO supports the following three point proposal to the MWAC:

1. Increase the minimum immediately to \$8.50 an hour. This amount would translate into the very minimum required amount to have a single worker with one child, who works 40 hours a week for 52 weeks, earn just \$60 above the current annual federal poverty threshold of \$17,600. If the wage is any less that \$8.50, this worker employed full time is living in poverty.
2. Include an automatic annual cost of living adjustment (COLA).
3. Create a tipped employee wage, perhaps as a percentage of the minimum wage, also indexed.

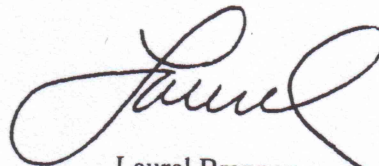
We commend Senator Sweeney and Assemblywoman Watson-Coleman for introducing legislation that includes some of the above listed objectives, and urge them to consider amending their legislation (S-784 / A-1774) to include all three objectives.

Because New Jersey has the fourth highest cost of living in the nation, we believe that our minimum wage should also be in the top four in the nation. Furthermore, an increase in the state's minimum wage should be based upon economics and need, rather than politics, and a COLA would achieve this. Finally, New Jersey should end its virtually unique policy of avoiding any type of minimum wage for tipped workers.

Sincerely,



Charles Wowkanech  
President



Laurel Brennan  
Secretary-Treasurer

CW:LB:tec

OPEIU:153

- (1) Based upon data collected by the Bureau of Labor Statistics & ACCRA
- (2) Political Economy Research Institute Work Environment Index
- (3) NJ Policy Perspective: Income Gap Widening in NJ, April 2008
- (4) US Department of Labor and the Brennan Center for Justice
- (5) Legal Services of New Jersey, "The Real Cost of Living in 2008"