

NEW JERSEY STATE AFL-CIO

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May 24, 2012

Dear Members of the New Jersey State Assembly:

RE: Please Support A-2162 (Oliver / Greenwald / Green / Johnson / Prieto / Wisniewski): Increases the Minimum Wage

The New Jersey State AFL-CIO respectfully ask for your support to increase New Jersey's minimum wage. The proposal put forth through A-2162 is modest, long overdue and when analyzed fairly, should not be controversial. The current minimum wage is completely inadequate and the working poor of our State are looking to you to change that.

Overall, 19 states and the District of Columbia have higher minimum wages than New Jersey, yet 16 of them have a lower cost of living. Furthermore, the New Jersey minimum wage has failed to keep pace with all major components of the cost of living over the past twenty years, with these costs far outpacing the value of the minimum wage. Just since the last increase of 10 cents in 2009, the minimum wage, when compared to housing costs, had a difference of 7%, food was 10% higher, transportation was 15% higher, child care was 43% higher and health care was 36% higher.

However, perhaps the most startling statistic illustrating how inadequate New Jersey's minimum wage is that it equals only 55% of the "self sufficiency standard," a common barometer used to measure basic economic necessity. In summary, when measured against this index, any minimum wage worker trying to support a child is living in poverty according to federal government guidelines. A New Jersey employee working 40 hours a week, 52 weeks a year, earns \$15,080 a year, which after taxes is well below the national poverty line of \$14,570 per year.

Most economists understand that low wages translate directly into less consumer demand which holds back economic growth and stifles our economic recovery. A minimum wage increase directly counters this harmful effect. A 2011 study by the Chicago Federal Reserve Bank found that for every dollar increase for a minimum wage worker, \$2,800 in new consumer spending is injected into the economy over the following year. This consumer spending drives consumption of products and services which in turn requires new workers to meet this demand – creating, not destroying jobs.

Increasing the minimum wage is one powerful way to stimulate the economy that does not require taxpayer funds or increase government debt or borrowing. We respectfully ask for your support.

Sincerely,

Charles Wowkanech
President

Laurel Brennan
Secretary-Treasurer

CW:LB:jn
OPEIU:153

"The Voice for Working Families in New Jersey"