

Murphy and Democratic Leaders Agree on \$15 Minimum Wage — Little Else

John Reitmeyer | November 21, 2017

Right now, there's no timetable for boosting minimum wage and no decision as to whether some sectors, like restaurants and agriculture, will be exempt from the final \$15 goal

Blocked by a veto from Republican Gov. Chris Christie last year, a push by Democratic lawmakers to raise New Jersey's hourly minimum wage to \$15 now appears to be a shoo-in. After all, lifting pay for low-wage workers was one of the core promises made by Gov.-elect Phil Murphy on the campaign trail.

But even as Murphy appeared in Trenton yesterday with the top Democrats who will be in charge of the Legislature when he takes office early next year, with everyone proclaiming their unified support for a \$15 minimum wage in New Jersey, they also acknowledged they've yet to work out all the details, including how quickly the hourly rate will be lifted.

It's also unclear now whether they will ultimately decide to exempt any industries from the higher rate, such as restaurants or farms. And while the leaders shrugged off questions about those types of issues yesterday, it was a lack of agreement on the finer details of a \$15 minimum wage that prevented lawmakers last year from getting enough votes to put the issue before voters in the wake of Christie's veto.

Will business get its say?

Also unclear is whether a state business community that has raised concerns about how a \$15 rate could impact New Jersey's overall economy will get to have any input as the next minimum wage bill comes out of the State House.

The minimum hourly wage in New Jersey is currently set at \$8.44, and the rate is scheduled to rise to \$8.60 on January 1, thanks to changes that New Jersey voters made to the state constitution in 2013. Those included immediately hiking the minimum wage by \$1, and tying future adjustments to the federal rate of inflation.

But as the inflationary adjustments have only been very modest in recent years, and since other places have started to pass measures lifting their rates to \$15, leaders in New Jersey last year mounted an effort to enact legislation calling for New Jersey's minimum wage to be increased to \$15 by 2021. Their bill would have raised the minimum wage to \$10.10 at the start of 2017, and then incrementally over the next four years, to \$15. But it was rejected by Christie, who warned it would have brought layoffs and other economic impacts, including a shift toward more automation.

Democratic legislative leaders responded by calling for a ballot question to increase the wage, announcing a similar strategy to the one they used successfully in 2013. But they were ultimately unable to resolve a number of differences on the finer details of the issue, and the push to hike the minimum wage through another constitutional amendment never made it onto the ballot this year.

Factoring in Murphy

With Christie due to leave office in January, there is a change in philosophy coming to the executive branch in the form of Murphy, who made a \$15 minimum wage in New Jersey a cornerstone issue during his successful campaign this year against Republican Kim Guadagno.

Meanwhile, Democrats in the Assembly have also decided to change their leadership, with Assemblyman Craig Coughlin (D-Middlesex) due to replace outgoing Speaker Vince Prieto (D-Hudson) when the next legislative session begins early next year.

In fact, Murphy, Senate President Steve Sweeney (D-Gloucester), and Coughlin decided to appear together for the first time as a leadership group yesterday, standing alongside several low-wage workers as they affirmed their support for bringing New Jersey's minimum wage up to \$15. They were also joined by U.S. Rep. Donald Norcross (D-Camden), who has been an outspoken advocate for raising the federal minimum wage, which right now is \$7.25.

"Here in America, if you work hard, if you follow the rules, you're supposed to be able to make it," Norcross said. "But that's not the case today."

New Jersey Policy Perspective, a liberal think tank based in Trenton, has estimated that a \$15 minimum wage in New Jersey would benefit an estimated 975,000 workers, or roughly one out of every four. The group has also found that the average low-wage worker in New Jersey is an adult, working full-time hours, often to support children.

During the news conference, Ella Moton, a nursing-home assistant from Jersey City, said there are times when she can't afford to pay her utility bill on her current wages, leading to periods where the electricity is turned off and food in her refrigerator spoils.

"I am the working poor," Moton said. "I am not afraid and I am not ashamed."

Sweeney suggested a series of tax-policy changes that are under consideration right now in the Republican Congress, including a major reduction of corporate tax rates, will do nothing to improve wages for the average worker. By contrast, those in the lower-income brackets typically spend more whenever they enjoy a wage hike or tax cut.

States leading the way

"The entire nation should do this," Sweeney said about hiking the minimum wage. "But if the states have to lead the way, we will."

Coughlin said 20 other states now have a higher minimum wage than New Jersey.

"It's our turn to stick up for the things that we all campaigned on ... It's our turn to live up to what we said and get about the business of bringing about a fair and reasonable wage for the people of New Jersey," Coughlin said.

"This is as high on the priority list of anything we've got," added Murphy.

But even as the three leaders agreed that the hourly rate would have to be lifted in phases and not all at once to ease the impact on the state's business community, they conceded they're not yet in agreement on how quickly the rate should be lifted. Murphy, for example, campaigned on getting to \$15 in as few as three years. The Democratic legislation vetoed last year by Christie would have spread the increases out over parts of five years, starting in 2017. The issue of exempting certain industries also remains undecided as of yesterday.

"Those conversations will be had as we go forward," Sweeney said. "We'll come together and we'll figure it out."

The state's business leaders, meanwhile, are also going to want to have a say, and they have already suggested discussions on the wage issue should come as part of a broader look at the labor market that also takes into consideration things like job training and workforce.

"We look forward to having a seat at the table to work with Gov.-elect Murphy and the Legislature on a comprehensive policy proposal to address affordability and job opportunity in New Jersey," said Michele Siekerka, president and chief executive of the New Jersey Business & Industry Association.

"Policymakers surely are not so naïve as to think that this is as simple as just changing everybody's wages and writing larger checks ... where is this money coming from?," asked Sal Risalvato, executive director of the New Jersey Gasoline, C-Store and Automotive Association.