

Raising the Minimum Wage to \$15 by 2024 Would Boost the Pay of 1.2 Million New Jerseyans

28 percent of workforce would receive \$4 billion in additional wages, providing a much-needed economic stimulus

By

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Increasing the minimum wage to \$15 an hour by 2024 would boost the pay of 1.2 million New Jersey workers – or 28 percent of the state’s workforce. The wage increase would help a diverse group of workers who aren’t paid enough to make ends meet, improving their chances of getting by – and, often, providing for their families – in high-cost New Jersey.¹

New Jersey’s current minimum wage of \$8.44 an hour is woefully insufficient. At that level, a full-time single adult minimum-wage worker barely earns two-thirds of what it took to scrape by in the state in 2014, according to the United Way of New Jersey’s latest cost-of-living analysis.² For a household budget that’s slightly more sustainable (and includes modest amounts for higher-quality housing, transportation and some savings), a full-time single adult worker would’ve needed to earn \$18.94 per hour – or \$39,393 per year – in 2014.³ While raising the wage to \$15 is necessary, it’s important to note \$15 in 2024 is equivalent to \$12.46 in 2016 dollars,⁴ showing a significant erosion of value as the wage slowly phases in.

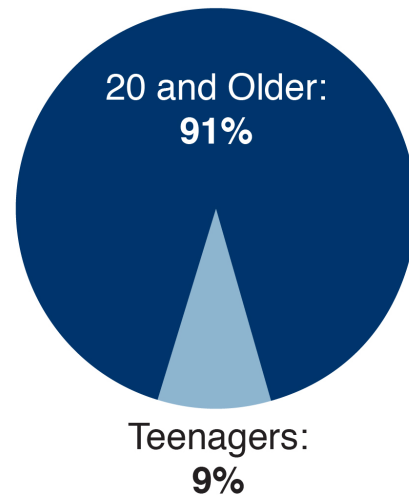
Last week, the *Raise the Wage Act of 2017* – which would increase the federal minimum wage to \$15 by 2024 – was introduced by Senators Bernie Sanders and Patty Murray, and Representatives Keith Ellison and Bobby Scott. The 1.2 million New Jersey workers helped by this bill include 688,000 who would be directly affected by the increase and 481,000 who would be indirectly affected (these are workers who earn as much as 15 percent more than the new minimum wage and would likely see their pay increase as well).

Over the phase-in period of the increases, the rising wage floor would generate \$4 billion in additional wages, which would ripple out to the families of these workers and New Jersey communities. Because lower-paid workers spend much of their extra earnings, this injection of wages would help stimulate the economy and spur greater business activity and job growth.

Younger workers and some disabled workers would also see a significant increase in their take home earnings as the bill phases out both the youth minimum wage - which allows employers to pay workers under 20 years of age a lower wage for their first 90 days of work - and the subminimum wage for workers with disabilities that allows some employers to pay disabled workers a lower wage.

The bill would raise the minimum wage in eight steps until it reaches \$15 in 2024. Then, starting in 2025, the minimum wage would be tied - or “indexed” - to the national median wage so that future adjustments would be based on growth in the median wage. The *Raise the Wage Act of 2017* would also slowly increase the tipped minimum wage until it reaches the same level as the minimum wage for all other workers.

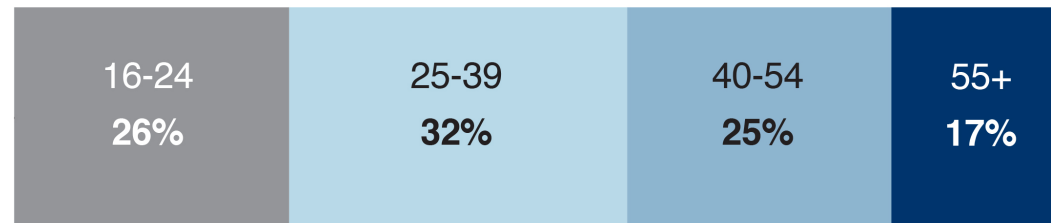
Nearly All the New Jerseyans Who Would Benefit from a Minimum Wage Increase to \$15 Are Working Adults



1.1 million of the 1.2 New Jerseyans who'd benefit from raising the minimum wage to \$15 by 2024 are 20 years or older.

Just 107,000 are teenagers.

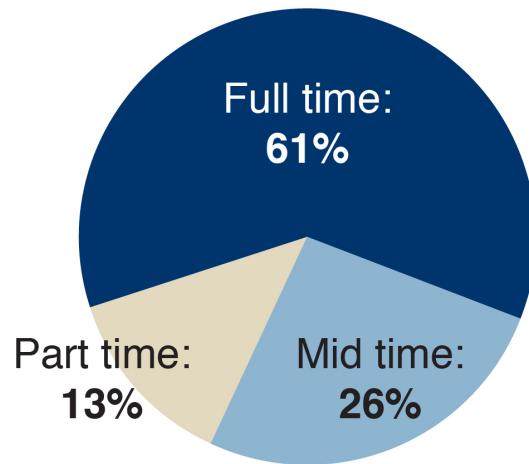
All age groups are well-represented among New Jersey's low-wage workers:



Source: EPI analysis of Current Population Survey Outgoing Rotation Group microdata, 2016

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Most New Jerseyans Who Would Benefit from a Minimum Wage Increase to \$15 Are Working Full Time



715,000 of the 1.2 New Jerseyans who'd benefit from raising the minimum wage to \$15 by 2024 are working full time (35 hours a week or more).

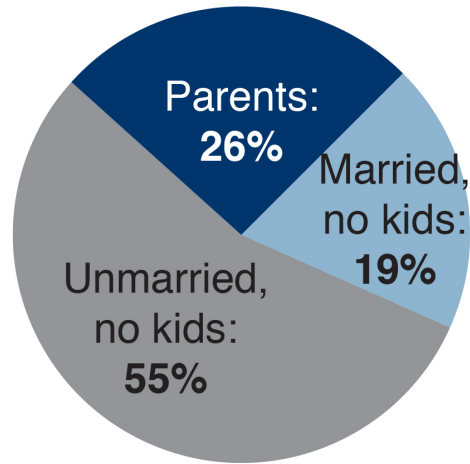
Another 301,000 are working mid time (between 20 and 34 hours a week).

Only 153,000 are working part time (less than 20 hours a week).

Source: EPI analysis of Current Population Survey Outgoing Rotation Group microdata, 2016

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Many New Jerseyans Who Would Benefit from a Minimum Wage Increase to \$15 Are Parents



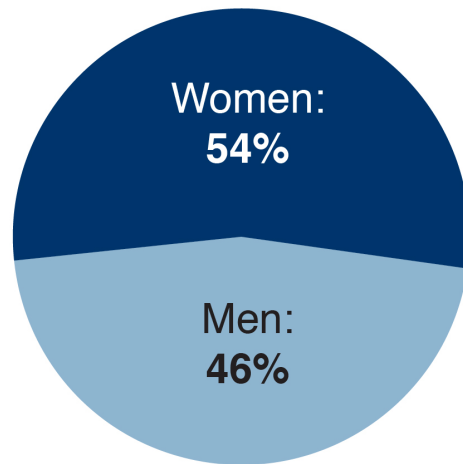
299,000 of the 1.2 New Jerseyans who'd benefit from raising the minimum wage to \$15 by 2024 are parents.

A little more than 1 in 5 New Jersey children - 447,000 kids - have at least one parent paid who'd benefit.

Source: EPI analysis of Current Population Survey Outgoing Rotation Group microdata, 2016

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Most New Jerseyans Who Would Benefit from a Minimum Wage Increase to \$15 Are Women



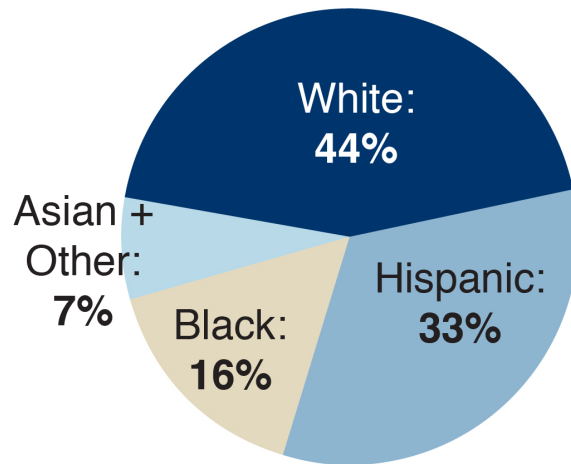
Even though they make up just 47 percent of the workforce, women make up 54 percent of the workers who'd benefit from raising the minimum wage to \$15 by 2024.

634,000 of the 1.2 New Jerseyans who'd benefit from raising the minimum wage to \$15 by 2024 are women.

Source: EPI analysis of Current Population Survey Outgoing Rotation Group microdata, 2016

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New Jerseyans of Color Would Disproportionately Benefit from a Minimum Wage Increase to \$15



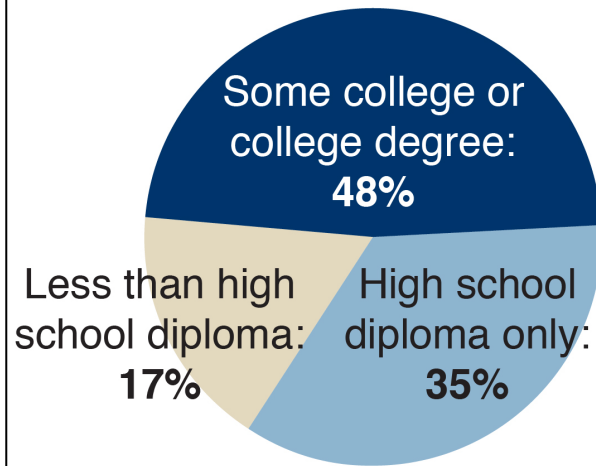
More white workers, in total, would benefit from raising the minimum wage to \$15 by 2024 more than any other racial group in New Jersey.

But people of color make up 56 percent of the workers who'd benefit even though they make up just 46 percent of the workforce.

Source: EPI analysis of Current Population Survey Outgoing Rotation Group microdata, 2016

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Many New Jerseyans Who Would Benefit from a Minimum Wage Increase to \$15 Have Attended or Graduated from College



556,000 of the 1.2 million New Jerseyans who'd benefit from raising the minimum wage to \$15 by 2024 have attended or graduated from college.

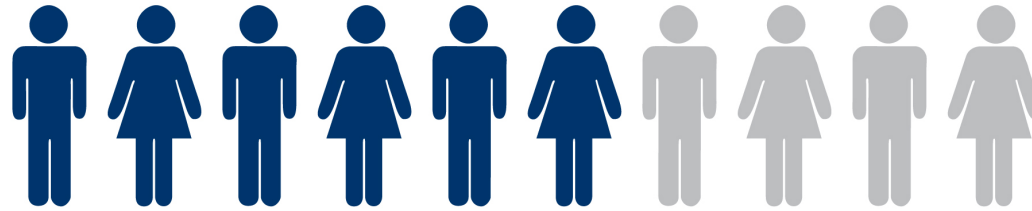
An additional 411,000 have a high school diploma but haven't attended college.

Only 202,000 have less than a high school diploma.

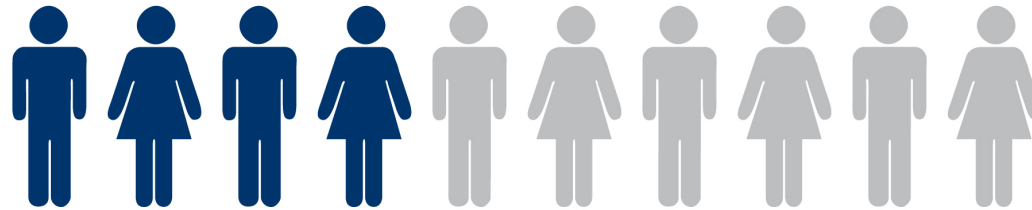
Source: EPI analysis of Current Population Survey Outgoing Rotation Group microdata, 2016

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A \$15 Minimum Wage Would Boost Many Workers in Poor and Low-Income Families



56% of workers in very poor working families (under \$25,000 in family income) would benefit from raising the minimum wage to \$15 by 2024



46% of workers in low-income working families (\$25,000-\$35,000 in family income) would benefit from raising the minimum wage to \$15 by 2024

Source: EPI analysis of Current Population Survey Outgoing Rotation Group microdata, 2016

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Here are the Five Industries with the Most Workers Who'd Benefit From a \$15 Minimum Wage

Industry	Total Workers in Category	People Who'd Benefit	Share in Industry Who'd Benefit	Industry Share of All Beneficiaries
Retail	464,000	221,000	48%	19%
Food & Drink Service	229,000	179,000	78%	15%
Health Care	442,000	114,000	26%	10%
Education	480,000	98,000	20%	8%
Admin. & Waste Mgmt Services	195,000	91,000	47%	8%

Source: EPI analysis of Current Population Survey Outgoing Rotation Group microdata, 2016

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Endnotes

¹ Economic Policy Institute analysis of 2016 Current Population Survey Outgoing Rotation Group microdata. Note: The total workforce is estimated from the CPS respondents who were 16 years old or older, employed, but not self-employed, and for whom a valid hourly wage is either reported or can be determined from weekly earnings and usual weekly hours. Directly affected workers would see their wages rise as the new minimum wage rate will exceed their current hourly pay. Indirectly affected workers have a wage rate just above the new minimum wage (between the new minimum wage and 115 percent of the new minimum). They would receive a raise as employer pay scales are adjusted upward to reflect the new minimum wage. For more on the methodology, visit <http://www.epi.org/publication/15-by-2024-would-lift-wages-for-41-million/>

² United Way of Northern New Jersey. *2016 ALICE Report*. Fall 2016.
http://www.unitedwaynnj.org/documents/16UW%20ALICE%20Report_NJUpdate_Lowres_12.13.16.pdf

³ NJPP Analysis of 2016 ALICE Report, calculating average of annual stability budget for single adult across all counties in New Jersey.

⁴ Economic Policy Institute, *Raising the minimum wage to \$15 by 2024 would lift wages for 41 million American workers*, April 2017. Figure A. <http://www.epi.org/publication/15-by-2024-would-lift-wages-for-41-million/>