



ANDERSON KILL EMPLOYMENT LAW INSIDER

ALERT

New Jersey Raises Minimum Wage to \$15

By Bennett Pine

New Jersey Governor Phil Murphy signed legislation on February 4, 2019 which will increase the state's minimum wage by 70% by 2024, from the current \$8.85 to \$15 per hour. The bill passed the Assembly by 52-25, and the Senate by 23-16.

Phase In

The initial increase in the minimum wage, to \$10 per hour, will take effect on July 1, 2019. Subsequent increases will be phased in as follows:

January 1, 2020	\$11 per hour
January 1, 2021	\$12 per hour
January 1, 2022	\$13 per hour
January 1, 2023	\$14 per hour
January 1, 2024	\$15 per hour

Other Jurisdictions

New Jersey will join Washington, D.C., which will reach the \$15 minimum wage in 2020; California, which will reach it in 2022; and Massachusetts, which will get there in 2023.

In New York City, employers with more than 10 employees are required, as of January 1, 2019, to pay at least \$15 per hour. Smaller NYC businesses will reach that level on January 1, 2020.

No "Off-Ramps"

The New Jersey legislation is unique in that the minimum wage laws signed in other jurisdictions contain so-called "off-ramp" provisions that would enable the increases to be suspended, delayed, or halted based upon certain economic or budgetary conditions. In New Jersey, by contrast, the increase will be automatic and not affected by an economic downturn. Separate legislation would need to be implemented to halt a scheduled minimum wage increase.

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Tipped Wage Increase

The New Jersey legislation also increases the state's "tipped" minimum wage from \$2.73 to \$5.13 by 2024. The New Jersey tipped minimum wage has remained the same for approximately 25 years.

Training Wage

The New Jersey legislation also created a "training wage" equal to not less than 90% of the minimum wage. This will apply for the first 120 hours in which an employee, with no similar experience, is enrolled in an established on-the-job training program that meets state requirements. The employer must make a good faith effort to continue the trainee's employment after the initial 120 hour period.

Small and Seasonal Employment

Employers with fewer than six employees, seasonal employees, or farm workers will see the minimum wage rise more slowly. It will not hit the \$15 level until January 1, 2027.

Rationale

The legislation was strongly supported by labor advocates, who argued that the current minimum wage of \$8.85 is insufficient to enable workers to afford even the most basic needs in New Jersey. An individual working 40 hours a week and earning the minimum wage earns only \$354 weekly or \$18,408 annually. Although New Jersey has one of the highest median incomes in the nation, one in ten residents lives under the federal poverty level. Opponents of the minimum wage increases argued that the increases will impose huge cost increases on employers — particularly small ones — who will be unable to absorb the additional labor costs. Opponents forecast that the increase will lead to reduced hours for workers, or layoffs, and encourage employer adoption of automation techniques that drive reductions in the workforce.

Conclusion

If you have any questions about the increase in the New Jersey minimum wage, feel free to contact Bennett Pine at (973) 642-5006 or bpine@andersonkill.com. ▲

