

Article I, Paragraph 23 New Jersey Constitution

LEGISLATIVE HISTORY CHECKLIST

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New Jersey Constitution: Article I, Paragraph 23

BILL NO: SCR1(ACR168)

SPONSOR: Sweeney, Turner, Oliver, Sheila, Eustace, Spencer, Ruiz, Stack, Greenstein, Diegan, Codey, Tucker, Mosquera

DATE INTRODUCED: Oct. 1, 2012

COMMITTEE: **ASSEMBLY:** Labor Committee

SENATE: Budget and Appropriations Committee

AMENDED DURING PASSAGE: No

DATE OF PASSAGE: **ASSEMBLY:** Dec. 17, 2012

SENATE: Feb. 7, 2013

FILED WITH SECRETARY OF STATE: Dec. 18, 2012/Feb. 15, 2013

DATE OF ADOPTION: Nov. 5, 2013

EFFECTIVE: Dec. 5, 2013

FOLLOWING ARE ATTACHED IF AVAILABLE:

FINAL TEXT OF BILL (Introduced bill enacted) Yes

SPONSOR'S STATEMENT: Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes

SENATE: Yes

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: No

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext. 103 or <mailto:refdesk@njstatelib.org>.

REPORTS: No

HEARINGS: Yes

974.90 Public hearing before Senate Labor Committee : Senate concurrent resolution No. 1
L123 (amends Constitution to set minimum wage at \$8.25 per hour with annual adjustments
2012b for inflation) : [October 22, 2012, Trenton, New Jersey]

NEWSPAPER ARTICLES:

Yes

Bracken, Thomas A., 'Vote 'no' on minimum wage', *Press of Atlantic City, The*, 9 Oct 2013 A11

Torres, Agustin C., 'Political Insider: Majority of Assembly Democrats say they'll back Prieto (Sacco) for Speaker', *Jersey Journal, The: Web Edition Articles* (online), 22 Oct 2013

Lonegan, Steven, 'Opinion: No, New Jersey's minimum wage should not be hiked \$1', *northjersey.com* (online), 3 Nov 2013

Verdon, Joan, 'Black Friday Protests to Grow', *Herald News* (online), 19 Nov 2013 A08

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**SENATE CONCURRENT
RESOLUTION No. 1**

STATE OF NEW JERSEY

215th LEGISLATURE

INTRODUCED OCTOBER 1, 2012

Sponsored by:

Senator STEPHEN M. SWEENEY

District 3 (Cumberland, Gloucester and Salem)

SYNOPSIS

Amends Constitution to set minimum wage at \$8.25 per hour with annual adjustments for inflation.

CURRENT VERSION OF TEXT

As introduced.



1 **A CONCURRENT RESOLUTION** proposing to amend Article I of the
2 New Jersey Constitution by adding a new paragraph thereto.

3

4 **BE IT RESOLVED** by the Senate of the State of New Jersey (the
5 General Assembly concurring):

6

7 1. The following proposed amendment to the Constitution of
8 the State of New Jersey is agreed to:

9

10 **PROPOSED AMENDMENT**

11

12 Amend Article I of the State Constitution by the addition of the
13 following paragraph:

14 23. All workers employed in the State have a right to be paid
15 wages that are not oppressive or unreasonable and are sufficient to
16 safeguard their health, efficiency, and general well-being and to
17 protect them, as well as their employers, from the effects of serious
18 and unfair competition resulting from wage levels detrimental to
19 their health, efficiency and well-being. Following the establishment
20 of an appropriate minimum wage rate, the making of regular, annual
21 cost-of-living adjustments in that minimum wage will benefit
22 workers by reducing the impact of inflation on them and benefit
23 employers by providing small, manageable, incremental increases
24 in the minimum wage which will end the historic pattern of large,
25 sudden, disruptive increases in the minimum wage in very short
26 time periods in between long periods without increases. Every
27 employer shall, beginning the January 1 next following the date of
28 the approval of this amendment by the people pursuant to Article IX
29 of the Constitution, pay each employee a wage rate of not less than
30 the rate required by the "New Jersey State Wage and Hour Law,"
31 P.L.1966, c.113 (C.34:11-56a et seq.) on that date, or \$8.25 per
32 hour, whichever is more, for the first 40 hours of working time in
33 any week and one and one half times the employee's regular hourly
34 wage for each hour of working time in excess of 40 hours in any
35 week. On the September 30 next following the date of the approval
36 of this amendment, and on September 30 of each subsequent year,
37 the State minimum wage rate shall be increased effective the
38 following January 1 by any increase during the one year prior to
39 that September 30 in the consumer price index for all urban wage
40 earners and clerical workers for all items as calculated by the
41 federal government. If, at any time, the federal minimum hourly
42 wage rate set by section 6 of the federal "Fair Labor Standards Act
43 of 1938" (29 U.S.C. s.206) is raised to a level higher than the
44 minimum wage set by this paragraph, the minimum wage set by this
45 paragraph shall be immediately increased to the level of the federal
46 minimum wage, and all subsequent increases based on increases in
47 the consumer price index pursuant to this paragraph shall be applied
48 to the minimum wage as increased to match the federal minimum

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1 wage. If the minimum wage required by the provisions of the “New
2 Jersey State Wage and Hour Law,” P.L.1966, c.113 (C.34:11-56a et
3 seq.) is increased by amendment of that law, all subsequent
4 increases based on increases in the consumer price index pursuant
5 to this paragraph shall be applied to the minimum wage as increased
6 by the amendment of that law. The minimum wage requirements
7 and overtime requirements of this paragraph shall apply to all
8 categories of employees who were, on the date of the approval of
9 this amendment, subject to the minimum wage requirements and
10 overtime requirements of the “New Jersey State Wage and Hour
11 Law,” P.L.1966, c.113 (C.34:11-56a et seq.), and those minimum
12 wage or overtime requirements shall not apply to the respective
13 categories of employees who were exempt from those minimum
14 wage or overtime requirements on that date, except that that act
15 may be amended to extend the scope of that act to categories of
16 employees that were previously exempted from the minimum wage
17 or overtime requirements. All remedies, penalties or other
18 measures provided by that act as of that date for violations of the
19 provisions of that act, and any remedies, penalties or other measures
20 for violations of that act which are subsequently added by
21 amendment to that act, shall be applicable to violations of this
22 paragraph. No provision of this paragraph or the “New Jersey State
23 Wage and Hour Law,” P.L.1966, c.113 (C.34:11-56a et seq.) shall
24 be construed as prohibiting, at any level of government, the
25 establishment, by collective bargaining agreement, law, or other
26 means, of requirements or standards regarding wage rates, overtime,
27 or other terms and conditions of employment which are more
28 favorable to employees, or provide greater protections or rights to
29 employees, than the requirements or standards of this paragraph,
30 including prevailing wage and other requirements or standards
31 pertaining to public contracts.

32
33 2. When this proposed amendment to the Constitution is finally
34 agreed to pursuant to Article IX, paragraph 1 of the Constitution, it
35 shall be submitted to the people at the next general election
36 occurring more than three months after the final agreement and
37 shall be published at least once in at least one newspaper of each
38 county designated by the President of the Senate, the Speaker of the
39 General Assembly and the Secretary of State, not less than three
40 months prior to the general election.

41
42 3. This proposed amendment to the Constitution shall be
43 submitted to the people at that election in the following manner and
44 form:

45 There shall be printed on each official ballot to be used at the
46 general election, the following:

47 a. In every municipality in which voting machines are not used,
48 a legend which shall immediately precede the question as follows:

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1 If you favor the proposition printed below make a cross (X), plus
2 (+), or check (✓) in the square opposite the word "Yes." If you are
3 opposed thereto make a cross (X), plus (+) or check (✓) in the
4 square opposite the word "No."

5 b. In every municipality the following question:

	YES	<p>CONSTITUTIONAL AMENDMENT TO SET A STATE MINIMUM WAGE WITH ANNUAL COST OF LIVING INCREASES</p> <p>Do you approve amending the State Constitution to set a State minimum wage rate of at least \$8.25 per hour? The amendment also requires annual increases in that rate as needed to keep pace with increases in the cost of living.</p>
	NO	<p>INTERPRETIVE STATEMENT</p> <p>This amendment to the State Constitution sets the State minimum wage at the level in effect under current law, or \$8.25 per hour, whichever is more. Cost of living increases would be added each year. Also, if the federal minimum wage rate is raised above the State rate, the State rate would be raised to match the federal rate. Future cost of living increases then would be added to that raised rate.</p> <p>Workers currently exempt from the State minimum wage law would continue to be exempt. But the amendment allows that law to be changed in the future to extend minimum wage coverage to workers who are now exempt. This amendment retains current penalties for violations of the State minimum wage law, but allows further penalties to be added in the future.</p>

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7

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STATEMENT

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10 The purpose of this proposed constitutional amendment is to
11 provide that workers have a right to be paid wages at rates which
12 are not oppressive or unreasonable and are sufficient to safeguard
13 their health, efficiency, and general well-being and to protect them,
14 as well as their employers, from the effects of serious and unfair
15 competition resulting from wage levels detrimental to their health,
16 efficiency, and well-being. The amendment requires, following the
17 establishment of a minimum wage rate appropriate to that purpose,

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1 the making of regular, annual cost-of-living increases in that
2 minimum wage to benefit workers by reducing the impact of
3 inflation on them and to benefit employers by providing small,
4 manageable, incremental increases in the minimum wage, which
5 will end the historic pattern of large, disruptive increases in the
6 minimum wage in very short time periods in between long periods
7 with no increases.

8 Specifically, this constitutional amendment, if approved by the
9 voters of this State, would set a minimum wage, initially the
10 minimum wage rate in effect under the existing State minimum
11 wage law (“New Jersey State Wage and Hour Law,” P.L.1966,
12 c.113, C.34:11-56a et seq.) at the time of approval, or at \$8.25 per
13 hour, whichever is more, and then provide annual cost of living
14 increases based on increases in the consumer price index. The cost
15 of living increases would be added to the initial rate and any
16 subsequent increases in the minimum wage rate made by law. Also,
17 if the federal minimum wage rate is raised above the State rate, the
18 State rate would be raised to match the federal rate. Future cost of
19 living increases then would be added to that rate.

20 The minimum wage and overtime requirements of the
21 amendment would apply to all categories of employees subject to
22 the existing State minimum wage law at the time of approval,
23 except that the amendment allows subsequent changes in that law to
24 extend its scope to currently exempted categories of employees.
25 The amendment makes current penalties and remedies for violations
26 of the State minimum wage law, and any added future penalties and
27 remedies, apply to violations of the amendment.

28 The amendment sets minimum standards and does not preclude
29 the establishment, by law, collective bargaining agreement, or other
30 means, of higher standards, such as prevailing wage standards.

SENATE COMMITTEE SUBSTITUTE FOR
**SENATE CONCURRENT
RESOLUTION No. 1**

STATE OF NEW JERSEY
215th LEGISLATURE

ADOPTED OCTOBER 15, 2012

Sponsored by:

Senator STEPHEN M. SWEENEY
District 3 (Cumberland, Gloucester and Salem)
Senator SHIRLEY K. TURNER
District 15 (Hunterdon and Mercer)
Assemblywoman SHEILA Y. OLIVER
District 34 (Essex and Passaic)
Assemblyman TIMOTHY J. EUSTACE
District 38 (Bergen and Passaic)
Assemblywoman L. GRACE SPENCER
District 29 (Essex)

Co-Sponsored by:

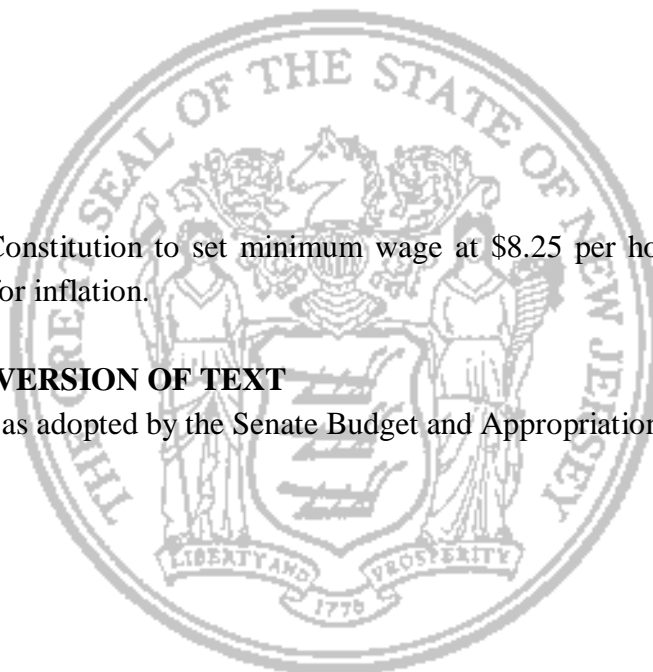
Senators Ruiz, Stack, Greenstein, Assemblyman Diegnan, Senator Codey,
Assemblywomen Tucker and Mosquera

SYNOPSIS

Amends Constitution to set minimum wage at \$8.25 per hour with annual adjustments for inflation.

CURRENT VERSION OF TEXT

Substitute as adopted by the Senate Budget and Appropriations Committee.



(Sponsorship Updated As Of: 2/15/2013)

1 **A CONCURRENT RESOLUTION** proposing to amend Article I of the
2 New Jersey Constitution by adding a new paragraph thereto.

3

4 **BE IT RESOLVED** by the Senate of the State of New Jersey (the
5 General Assembly concurring):

6

7 1. The following proposed amendment to the Constitution of
8 the State of New Jersey is agreed to:

9

10 **PROPOSED AMENDMENT**

11

12 Amend Article I of the State Constitution by the addition of the
13 following paragraph:

14 23. Every employer shall, beginning the January 1 next
15 following the date of the approval of this amendment by the people
16 pursuant to Article IX of the Constitution, pay each employee
17 subject to the "New Jersey State Wage and Hour Law," P.L.1966,
18 c.113 (C.34:11-56a et seq.), or a successor State statute, a wage rate
19 of not less than the rate required by that act, or \$8.25 per hour,
20 whichever is more. On the September 30 next following the date of
21 the approval of this amendment, and on September 30 of each
22 subsequent year, the State minimum wage rate shall be increased,
23 effective the following January 1, by any increase during the one
24 year prior to that September 30 in the consumer price index for all
25 urban wage earners and clerical workers (CPI-W) as calculated by
26 the federal government. If, at any time, the federal minimum
27 hourly wage rate set by section 6 of the federal "Fair Labor
28 Standards Act of 1938" (29 U.S.C. s.206), or a successor federal
29 law, is raised to a level higher than the State minimum wage rate,
30 then the State minimum wage rate shall be increased to the level of
31 the federal minimum wage rate and all subsequent increases based
32 on increases in the CPI-W pursuant to this paragraph shall be
33 applied to the State minimum wage rate as increased to match the
34 federal minimum wage rate. This paragraph shall not be construed
35 as altering or amending any provision of the "New Jersey State
36 Wage and Hour Law," P.L.1966, c.113 (C.34:11-56a et seq.) or a
37 successor State statute, other than the hourly rate set by that act, or
38 prohibiting the Legislature from amending that act.

39

40 2. When this proposed amendment to the Constitution is finally
41 agreed to pursuant to Article IX, paragraph 1 of the Constitution, it
42 shall be submitted to the people at the next general election
43 occurring more than three months after the final agreement and
44 shall be published at least once in at least one newspaper of each
45 county designated by the President of the Senate, the Speaker of the
46 General Assembly and the Secretary of State, not less than three
47 months prior to the general election.

1 3. This proposed amendment to the Constitution shall be
 2 submitted to the people at that election in the following manner and
 3 form:

4 There shall be printed on each official ballot to be used at the
 5 general election, the following:

6 a. In every municipality in which voting machines are not used,
 7 a legend which shall immediately precede the question as follows:

8 If you favor the proposition printed below make a cross (X), plus
 9 (+), or check (✓) in the square opposite the word "Yes." If you are
 10 opposed thereto make a cross (X), plus (+) or check (✓) in the
 11 square opposite the word "No."

12 b. In every municipality the following question:
 13

	YES	<p>CONSTITUTIONAL AMENDMENT TO SET A STATE MINIMUM WAGE WITH ANNUAL COST OF LIVING INCREASES Do you approve amending the State Constitution to set a State minimum wage rate of at least \$8.25 per hour? The amendment also requires annual increases in that rate if there are annual increases in the cost of living.</p>
	NO	<p>INTERPRETIVE STATEMENT This amendment to the State Constitution sets the State minimum wage at the level in effect under current law, or \$8.25 per hour, whichever is more. Cost of living increases would be added each year. Also, if the federal minimum wage rate is raised above the State rate, the State rate would be raised to match the federal rate. Future cost of living increases then would be added to that raised rate.</p>

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION No. 1

STATE OF NEW JERSEY

DATED: OCTOBER 15, 2012

The Senate Budget and Appropriations Committee reports favorably a Senate Committee Substitute for Senate Concurrent Resolution No. 1.

The substitute resolution proposes a constitutional amendment, that if approved by the voters of this State, would set a minimum wage, initially the minimum wage rate in effect under the existing State minimum wage law ("New Jersey State Wage and Hour Law," P.L.1966, c.113, C.34:11-56a et seq.) at the time of approval, or at \$8.25 per hour, whichever is more, and then provide annual cost of living increases based on increases in the consumer price index. The cost of living increases would be added to the initial rate and any subsequent increases in the minimum wage rate made by law. Also, if the federal minimum wage rate is raised above the State rate, the State rate would be raised to match the federal rate. Future cost of living increases then would be added to that rate.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that the SCS for SCR-1 may increase expenditures by county and municipal governmental entities due to increased labor costs, primarily for part time seasonal workers. However, due to uncertainty as to the number of employees currently compensated at a rate of less than \$8.25 per hour, and uncertainty as to the hiring practices of these entities, the OLS can not estimate a total cost to local units resulting from the concurrent resolution.

In addition to those workers who are employed directly by county or local governments, the OLS notes that there may also be increases in the hourly wages paid to individuals who are employed by private entities that contract to do work for State, county or municipal government. In general, the State does not involve itself with what private contractors choose to pay their employees. It is possible that some of these private contractors pay only minimum wage to some employees. These contractors will therefore be required to pay their employees more, and may request additional funding from the State to offset any increase.

Furthermore, since the SCS for SCR-1 requires that the minimum wage rate be adjusted annually, based on any increase in the Consumer Price Index (CPI) in the previous calendar year, the OLS also estimates that the minimum wage rate will rise approximately 2.8 percent each year, beginning in 2015, based on projected trends in the CPI.

ASSEMBLY LABOR COMMITTEE

STATEMENT TO

SENATE COMMITTEE SUBSTITUTE FOR SENATE CONCURRENT RESOLUTION No. 1

STATE OF NEW JERSEY

DATED: DECEMBER 10, 2012

The Assembly Labor Committee reports favorably the Senate Committee Substitute for Senate Concurrent Resolution No. 1.

This concurrent resolution proposes a constitutional amendment that, if approved by the voters of this State, would set a minimum wage at the rate in effect under the State minimum wage law ("New Jersey State Wage and Hour Law," P.L.1966, c.113, C.34:11-56a et seq.) or any successor State law, or at \$8.25 per hour, whichever is higher, and provide annual cost of living increases based on increases in the consumer price index. The cost of living increases would be added to the initial rate and any subsequent increases in the minimum wage rate made by law. Also, if the federal minimum wage rate is raised above the State rate, the State rate would be raised to match the federal rate. Future cost of living increases then would be added to that rate. The concurrent resolution states that it does not alter or amend any provision of State wage and hour law or successor law other than the increases it makes to the hourly wage rate set by that law, and otherwise does not prevent the Legislature from amending that law.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that the SCS for SCR-1 may increase expenditures by county and municipal governmental entities due to increased labor costs, primarily for part time seasonal workers. However, due to uncertainty as to the number of employees currently compensated at a rate of less than \$8.25 per hour, and uncertainty as to the hiring practices of these entities, the OLS can not estimate a total cost to local units resulting from the concurrent resolution.

In addition to those workers who are employed directly by county or local governments, the OLS notes that there may also be increases in the hourly wages paid to individuals who are employed by private entities that contract to do work for State, county or municipal government. In general, the State does not involve itself with what private contractors choose to pay their employees. It is possible that some of these private contractors pay only minimum wage to some

employees. These contractors will therefore be required to pay their employees more, and that may be reflected in their bids for public work.

Furthermore, since the SCS for SCR-1 requires that the minimum wage rate be adjusted annually, based on any increase in the Consumer Price Index (CPI) in the previous calendar year, the OLS also estimates that the minimum wage rate will rise approximately 2.8 percent each year, beginning in 2015, based on projected trends in the CPI.

LEGISLATIVE FISCAL ESTIMATE
SENATE COMMITTEE SUBSTITUTE FOR
SENATE CONCURRENT RESOLUTION No. 1
STATE OF NEW JERSEY
215th LEGISLATURE

DATED: OCTOBER 23, 2012

SUMMARY

Synopsis: Amends Constitution to set minimum wage at \$8.25 per hour with annual adjustments for inflation.

Type of Impact: Expenditure increase

Agencies Affected: Certain State, county and municipal governmental entities

Office of Legislative Services Estimate

Fiscal Impact	Year 1 to Year 3
Cost to certain State, county and municipal government entities	Indeterminate increase- See comments below

- The Office of Legislative Services (OLS) concludes that the Senate Committee Substitute for Senate Concurrent Resolution No. 1 may increase expenditures by county and municipal governmental entities due to increased labor costs, primarily for part time seasonal workers. However, due to uncertainty as to the number of employees currently compensated at a rate of less than \$8.25 per hour, and uncertainty as to the hiring practices of these entities, the OLS can not estimate a total cost to local units resulting from the bill.
- In addition to those workers who are employed directly by county or local governments, there may also be increases in the hourly wages paid to individuals who are employed by private entities that contract to do work for State, county or municipal government. In general, the State does not involve itself with what private contractors choose to pay their employees. It is possible that some of these private contractors pay only minimum wage to some employees. These contractors will therefore be required to pay their employees more, and may request additional funding from the State to offset any increase in costs resulting from an increase in the minimum wage, which will increase State costs.
- Furthermore, since the Senate Committee Substitute for Senate Concurrent Resolution No. 1 requires that the minimum wage rate be adjusted annually based on any increase in the

Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) in the previous calendar year, the OLS also estimates that the minimum wage rate will rise approximately 2.8 percent each year, beginning in 2015, based on projected trends in the CPI-W.

BILL DESCRIPTION

The Senate Committee Substitute for Senate Concurrent Resolution No. 1 of 2012 is a proposed amendment to the State Constitution to increase the minimum wage from the current \$7.25 per hour to \$8.25 per hour and then provide annual cost of living increases based on increases in the consumer price index. The cost of living increases would be added to the initial rate and any subsequent increases in the minimum wage rate made by law. Also, if the federal minimum wage rate is raised above the State rate, the State rate would be raised to match the federal rate. Future cost of living increases then would be added to that rate.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that the Senate Committee Substitute for Senate Concurrent Resolution No. 1 may increase expenditures by State, county and municipal governmental entities due to increased labor costs, primarily for part time seasonal workers. However, due to uncertainty as to the number of employees currently compensated at a rate of less than \$8.25 per hour, and uncertainty as to the hiring practices of these entities, the OLS can not estimate a total cost resulting from the bill. Following is a discussion of the issue, examples of labor costs under current hiring practices and the possible impact of the automatic cost of living adjustments proposed pursuant to the Senate Committee Substitute for Senate Concurrent Resolution No. 1.

Currently, a full time worker (40 hours per week) compensated at the minimum wage earns \$15,080 per year. Pursuant to the changes proposed in the legislation, that same worker will be compensated \$17,160 a year, an increase of \$2,080 in the first year of enactment. Additionally, it is estimated that starting in 2015 the average hourly rate will increase approximately 2.8 percent each year, based on projected trends in the CPI-W.

The OLS was not able to locate a source for comprehensive salary data for employees of State, county and municipal governments. For all private and public workers the U.S. Bureau of Labor Statistics reports that, in New Jersey in 2011, there were 57,000 workers paid less than the minimum wage of \$7.25 per hour (these workers are not subject to minimum wage and will not be affected by this legislation); 41,000 were paid the minimum wage; and 58,000 were paid between \$7.25 and \$8.00 per hour. There is no information available regarding workers paid between \$8.00 and \$8.25 per hour. Moreover, it is not possible to determine total cost of the increased wage for these workers because the report does not account for part time versus full time employment. However, it is important to note that overall in the State there are at least

99,000 persons (2.4 percent of the workforce) in both the public and private sectors who make less than \$8.00 an hour and will be affected by this legislation.

To determine the total number of public employees affected, the OLS first analyzed Statewide position data. According to that data, the State does not have any direct employees compensated at \$8.25 per hour or less. However, there are employees working for municipal and county governments who are compensated at less than \$8.25 per hour, primarily seasonal employees of parks and recreation departments in towns and counties.

Following are some examples of the effects of an increase on municipal, county and Statewide contracted entities.

Essex County employed approximately 211 seasonal employees in the Essex County parks system at a rate of \$8.00 per hour in 2012. If the minimum wage increased to \$8.25, and the county chose to compensate their employees at minimum wage, then the county would have needed to allocate an additional \$25,800 for seasonal labor costs in 2012 or reduce the overall number of individuals hired or hours worked.

Ocean County also hires seasonal employees in its parks and recreation department at less than \$8.25 per hour. Information provided to the OLS indicates that the parks and recreation department labor costs would have increased by approximately \$5,000 over the summer of 2012 should the bill have been enacted and the hiring practices of the county remained the same.

In other cases, the bill could have very little impact. For example, Atlantic and Cape May Counties both currently hire at rates above the \$8.25 per hour proposed, with the exception of a very small number of individuals hired in the Atlantic County library system.

Cape May City hired approximately 120 individuals for the 2012 summer season to work as beach taggers and recreation employees who were compensated at less than \$8.25 per hour. A majority of these individuals were hired at \$7.25 initially and receive \$0.25 raises for each year of service. The increase to the minimum wage would have cost Cape May City approximately \$58,800 in labor costs for the 2012 summer season. It was also noted that in the past when the City increased wages for its lowest paid workers, increases to each subsequent step on the salary range occurred as well.

In addition to those workers who are employed directly by county or municipal governments, there may also be increases to individuals who are employed by private entities that contract to do work for the State, county or local government.

The State contracts with hundreds of private agencies to provide services to children and adults. In general the State does not involve itself with what private agencies choose to pay their employees. It is possible that some of these private agencies pay only minimum wage to some employees. These agencies will then have to pay more to those employees and may request additional funding from the State to offset any increase in costs resulting from an increase in the minimum wage, which in turn will increase State costs. Likewise, county and local governmental entities also contract with private agencies to provide services and may experience similar price increases. Information is not available as to the number of private agencies that may pay only minimum wage to some personnel.

Furthermore, since the Senate Committee Substitute for Senate Concurrent Resolution No. 1 requires that the minimum wage rate be adjusted annually based on any increase in the CPI-W in the previous calendar year, the OLS also estimates that the minimum wage rate will rise approximately 2.8 percent each year, beginning in 2015.¹ Please see the following chart that

¹ Page 3, "The Long-Range Economic Assumptions for the 2012 Trustees Report," prepared by the Office of the Chief Actuary, Social Security Administration. April 23, 2012 http://www.ssa.gov/oact/tr/2012/2012_Long-Range_Economic_Assumptions.pdf.

FE to SCS for S1

illustrates the expected increases should the amendment be approved by the voters and take effect in 2014:

Year	CPI -W Annual change	Est. Min. Wage
2002	1.4%	
2003	2.2%	
2004	2.6%	
2005	3.5%	
2006	3.2%	
2007	2.9%	
2008	4.1%	
2009	-0.7%	
2010	2.1%	
2011	3.6%	
2012*	2.8%	\$7.25
2013	2.8%	\$7.25
2014	2.8%	\$8.25
2015	2.8%	\$8.48
2016	2.8%	\$8.72
2017	2.8%	\$8.96

*2012 onward CPI-W increases are estimates.

In summary, it appears that county and municipal governmental entities will incur increased labor costs, primarily from part time seasonal workers. Additionally, contractors for the State may also incur increased labor costs, which could be passed through to the State. In all likelihood these increases will be gradual each year due to the increase in the CPI-W which in most years will necessitate an increase in the minimum wage. However, in all instances it is not possible for the OLS to make a definitive estimate as to the overall cost of an increase in the minimum wage due to uncertainty of the number of persons affected and the actions of the entities.

Section: Commerce, Labor and Industry

*Analyst: Robin C. Ford
Senior Fiscal Analyst*

*Approved: David J. Rosen
Legislative Budget and Finance Officer*

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).