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costs for businesses with low-wage workers.

Jan. 01, 2014

Effective January 1, 2014, New Jersey's minimum wage will rise by \$1 to \$8.25 an hour, boosting the paychecks of more than 250,000 New Jerseyans and bumping up costs for businesses with low-wage workers.

While the wage increase is immediate, the reaction by businesses may take longer to assess — especially in light of the automatic annual increases voters approved in November, guaranteeing minimum-wage workers future raises.

Businesses will “over time decide how they're going to deal with it,” said Thomas Bracken, president of the New Jersey Chamber of Commerce. “I don't think there's going to be any huge impact in 2014 on employment statistics or anything of that nature.”

New Jersey is one of 13 states that will raise their minimum wage Wednesday, according to the National Employment Law Project, a nonprofit that advocates for raising the wage.

Three states — Connecticut, New York, and Rhode Island — passed laws last year to raise their wages, while the other states are adjusting wages through annual automatic increases, according to the group.

In Pennsylvania, where the minimum wage matches the federal minimum of \$7.25 an hour, Democrats have proposed raising it. A proposal in Congress would raise the federal minimum wage to \$10.10 an hour.

Sixty-one percent of New Jersey voters said yes last fall to amending the state constitution to raise the wage to \$8.25 an hour and include annual increases tied to the Consumer Price Index.

The measure went on the ballot after Gov. Christie vetoed a bill that would have

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They also have warned of adverse — if not imminent — economic effects, saying businesses will be dissuaded from hiring and will be forced to cut employees or hours or increase prices to cover the added labor costs.

The increase “is something that over a few years is going to have a much more significant impact,” Bracken said. The chamber did not oppose Christie's proposal, he said.

In an appearance Tuesday on Philadelphia talk radio's Dom Giordano Program, New Jersey Senate President Stephen Sweeney (D., Gloucester), a proponent of the ballot measure, said the arguments against raising the wage “don't ring true.”

“If you need an employee, you're going to hire an employee,” Sweeney said. The increase “is not going to ruin the economy. If anything, it's going to help the economy.”

Steven Pressman, an economist at Monmouth University, said the higher wage would lessen the incentive for companies to hire new employees.

On the other side, Pressman said, low-wage workers who get a raise will spend it — as will employees who make more than minimum wage but who are bumped up as the pay scale shifts.

“Lots of people are going to have slightly higher incomes,” Pressman said. The increased consumer spending would offset incentives not to hire, he said, citing a study done after New Jersey raised the minimum wage in 1992 from \$4.25 an hour to \$5.05.

The study, which examined fast-food restaurants in two counties in New Jersey and Pennsylvania, found “pretty darn close to zero impact on employment,” Pressman

said. “What that says to me is the two forces are pretty equal.”

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In June, the National Federation of Independent Businesses released a study that said a wage increase in New Jersey could lead to a loss of 31,000 jobs over 10 years.

Such studies involve “a range that is so statistically small,” said Gordon MacInnes, president of New Jersey Policy Perspective, a left-leaning think tank. “You can't make a projection like that . . . in an economy with 4.1 million jobs.”

In addition to the 254,000 workers in New Jersey who will get an immediate raise, 189,000 employees in the state make between \$8.25 and \$9.25 an hour and will receive future increases, according to a report by Policy Perspective.

Of those 443,000 New Jerseyans, 84 percent are at least 20 years old, and most — 362,000 — work 20 hours or more a week, according to the report. One out of four of those workers — and one out of the five getting the raise Wednesday — is a parent.

“This is helping desperate families, who will spend the increased wages immediately and locally,” MacInnes said.

About 57 percent of New Jersey minimum-wage earners work for companies with at least 100 employees, MacInnes said.

The industries in New Jersey with the most minimum-wage workers are retail, leisure and hospitality, and education and health care, according to the Policy Perspective report.

John Holub, president of the New Jersey Retail Merchants Association, said retailers “remain quite concerned with the impact” of the wage increase. He dismissed the argument that businesses would benefit from increased consumer spending. “Where does the money come from?” Holub said. “The only guarantee for businesses is increased labor costs. Something's got to give.”

Dolores Riley, who owns Gramma's Schoolhouse, a day-care center in Cinnaminson,

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That amounts to quite a bit of money. And day cares are not a fun business — never will be,” she said.

Riley said she does not know how she'll manage the increase. “I just know that I'm worried,” she said.

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