



New Jersey Passes Law To Eventually Increase Minimum Wage To \$15 Per Hour

Client Advisories

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New Jersey's Governor Phil Murphy earlier this week signed a sweeping law that will eventually increase New Jersey's minimum wage to \$15 per hour by 2024 for most employers. One of the Governor's signature campaign promises has now been fulfilled, making New Jersey the third most-populous State in the country to enact a \$15 minimum wage rate.

New Jersey's current minimum rate is \$8.85 per hour, a rate that just increased on January 1, 2019 under the existing law that increases the minimum wage annually based on inflation. This new law signed this week will increase the minimum wage significantly on July 1, 2019 to \$10.00 per hour. Each July 1 after that - again for most employers -- the minimum wage will increase by at least \$1.00 per hour until July 1, 2024 when it will be at least \$15 per hour.

We say "at least" because the law also provides that the minimum wage could increase by more than \$1 per hour in any year where inflation would require more than a \$1 per hour increase. Practically speaking, however, that type of increase would require a highly aggressive annual inflation rate of 7% to 10%. So, unless there are highly unusual rates of inflation, the minimum wage rates in New Jersey in the future should be:

- July 1, 2019: \$10 per hour
- 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

After July 1, 2024, as with the current law, the minimum wage rate will increase according to the rate of inflation as established by the national Consumer Price Index.

The new minimum wage law applies to virtually all New Jersey employers. Seasonal employers, employers with 5 or fewer employees, and employers of farm laborers are given an additional 2 years for most of the changes. Those employers would see an increase to \$10.30 on January 1, 2020, with \$0.80 increases each January 1 until 2025, and then an increase to \$15 per hour on January 1, 2026. Interestingly, this new law also makes New Jersey's minimum wage laws applicable to all governmental employees for the first time.

According to the New Jersey Department of Labor and Workforce Development, approximately 100,000 workers in New Jersey earn minimum wage now. Estimates are that as many as 1 million New Jersey workers will eventually be affected by these increases by 2024. Numerous States and cities nationwide have passed laws to increase minimum wage rates, including several states that are also increasing the rate to \$15 per hour, such as California and New York. New York and Delaware are currently at \$11.10 per hour, with provisions to increase those over time. Pennsylvania remains at the federal level of \$7.25 per hour.

If you have questions about compensation practices or policies please contact any member of Archer & Greiner's **Labor and Employment Group** in Haddonfield, N.J., at (856) 795-2121, in Princeton, N.J., at (609) 580-3700, in Hackensack, N.J., at (201) 342-6000, in Philadelphia, Pa., at (215) 963-3300, or in Wilmington, Del., at (302) 777-4350.

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Attachments

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