
THE NEW MINIMUM WAGE AND ITS EFFECT ON NON-PROFITS

MINIMUM WAGE CHANGE...

- Increase of minimum wage to \$15 an hour will boost incomes of over 1 million NJ workers
- Adds \$3.9 billion to the State's economy
- Requires employers to plan on higher payrolls
- NJ unemployment rate is decreasing, but poverty rates increasing
- Estimated \$22.17/hour in Sussex County and \$22.69/hour in Morris County required to make ends meet for one adult (Economic Policy Institute, per NJPP, 10/2/18.)

NJ's Minimum Wage

- On February 4, 2019, Governor Murphy signed legislation raising NJ's minimum wage, up to \$15 per hour by 2024.

Schedule for Minimum Wage Increase

- July 1, 2019: \$10 per hour (previously \$8.85)
- 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

2025 and beyond...

\$15 plus Consumer Price Index (CPI),
Determined each January 1, through 2030

Exceptions: Seasonal Workers and Small Employers

For Seasonal workers and employers with 5 or fewer workers:

- Base minimum wage will not reach \$15 per hour until January 1, 2026

Exceptions: Seasonal Workers and Small Employers

Seasonal Employer:

- Services of not more than 10 weeks during the months of June, July, August, and September; OR
- During the previous calendar year, not less than 2/3 of the employer's gross receipts were received in a continuous period of not more than 16 weeks; OR
- Paid no less than 75% of wages during previous year for work performed during single calendar quarter

Exceptions: Seasonal Workers and Small Employers

Current Minimum Wage: \$8.85 per hour

January 1, 2020: \$10.30 per hour

January 1, 2021: \$11.10 per hour

January 1, 2022: \$11.90 per hour

January 1, 2023: \$12.70 per hour

January 1, 2024: \$13.50 per hour

January 1, 2025: \$14.30 per hour

January 1, 2026: \$15.00 per hour

Exceptions: Agricultural Workers

For agricultural workers:

- Base minimum wage will increase to \$12.50 by January 1, 2024.
- No later than March 31, 2024: the NJ Labor Commissioner and Secretary of Agriculture will jointly decide whether to recommend that the minimum wage for agricultural workers increase to \$15 per hour by January 1, 2027.

Exceptions: Tipped Workers

For tipped workers:

- Will continue to receive at least the regular minimum wage through a combination of tips and base salary
- Tipped wage will gradually increase from \$2.13 per hour to \$5.13 per hour

Now What?



BOYS & GIRLS CLUBS **OF NORTHWEST NEW JERSEY**

FINANCIAL IMPACT

- NEED TO MODEL OUT THROUGH 2024
 - USE A FIXED START POINT AS BASIS FOR CALCULATIONS
- PRICE OUT IMPACT OF WAGE INCREASES AND INCREASES IN FEES NEEDED TO OFFSET WAGE INCREASES
 - NEED TO UNDERSTAND THAT WHEN THE LOWEST WAGE RATES ALMOST DOUBLE FROM 2019 TO 2024 THAT WAGE INCREASES ARE ALSO REQUIRED AT MOST LEVELS THAT ARE CURRENTLY ABOVE MINIMUM WAGE
- DEVELOP A WAGE RATE TEMPLATE TO ENSURE CONSISTENCY ACROSS THE YEARS AND PAY LEVELS

BGCNWNJ

- MODELED OUT TO 2024
- USED THE 2019 OPERATING BUDGET AS OUR FIXED START POINT

In order to calculate only the impact of the new minimum wage law:

-Assumed staffing requirements and enrollment remained at 2019 budgeted levels through 2024

-All cost and revenue estimates kept constant at the budgeted 2019 level

-Planned changes in our business model (new locations, new programs, etc.) not factored into analysis

BGCNWNJ

- PRICE OUT IMPACT OF WAGE INCREASES AND INCREASES IN FEES
NEEDED TO OFFSET WAGE INCREASES

Price out program by program and year by year.

Summary of Impact of Minimum Wage Increases						
For Illustrative purposes only	2019	2020	2021	2022	2023	2024
	Difference from 2019 Budget	Difference from 2019 Budget	Difference from 2019 Budget	Difference from 2019 Budget	Difference from 2019 Budget	Difference from 2019 Budget
Wayne After School	370.88	(14,766.00)	(25,346.00)	(35,926.00)	(46,506.00)	(57,086.00)
Summer Camp Wayne	(4,518.40)	(14,462.40)	(24,398.40)	(34,334.40)	(44,270.40)	(54,206.40)
Pre-K Wayne	(6,557.00)	(37,026.00)	(57,120.00)	(77,214.00)	(97,308.00)	(117,402.00)
Pequannock After School	(462.08)	(26,774.20)	(45,016.20)	(63,258.20)	(81,500.20)	(99,742.20)
Total Expense Increase	(25,482.37)	(164,927.87)	(271,269.29)	(377,610.70)	(483,952.12)	(590,293.53)

Note: Not all programs are included on this chart so four programs shown do not add to total.

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- Price out increases in program fees, by year by program

Summary of Impact of Price Increases						
For Illustrative purposes only						
	2019	2020	2021	2022	2023	2024
	Difference from 2019 Budget	Difference from 2019 Budget	Difference from 2019 Budget	Difference from 2019 Budget	Difference from 2019 Budget	Difference from 2019 Budget
Wayne After School	7,300.00	23,350.00	38,000.00	55,500.00	69,500.00	82,950.00
Pre K Summer Camp	0.00	5,120.00	10,240.00	12,800.00	17,920.00	23,040.00
Wanaque/Haskell After School	5,184.00	14,688.00	20,736.00	29,376.00	36,288.00	43,480.00
Pequannock After School	22,440.00	63,400.00	89,520.00	126,800.00	156,600.00	182,720.00
Total	<u>38,544.00</u>	<u>164,988.00</u>	<u>276,106.00</u>	<u>379,996.00</u>	<u>492,438.00</u>	<u>597,200.00</u>

Note: Not all programs are included on this chart so four programs shown do not add to total

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- ANALYZE IMPACT ON ALL PAY RATES

- Historically Junior counselors earn minimum wage
- Senior counselors earn at a range above Junior counselors based on experience and performance
- Front desk employees paid at high end of senior counselor rate
- Site supervisors earn above senior counselors
- Bus drivers earn above site supervisor rate

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- DEVELOP WAGE RATE TEMPLATE TO ENSURE CONSISTENCY

Pay Rates							
2019 CURRENT BUDGET	July - Dec 2019	Jan - Dec 2020	Jan - Dec 2021	Jan - Dec 2022	Jan - Dec 2023	Jan - Dec 2024	
Rate	Rate	Rate	Rate	Rate	Rate	Rate	Rate
<u>After-School</u>							
<u>WAYNE</u>							
ASP - Sr Counselors	\$ 10.50	\$ 11.50	\$ 12.50	\$ 13.50	\$ 14.50	\$ 15.50	\$ 16.50
ASP - Sr Counselors	\$ 10.50	\$ 10.50	\$ 11.50	\$ 12.50	\$ 13.50	\$ 14.50	\$ 15.50
ASP - Sr Counselors	\$ 10.50	\$ 11.00	\$ 12.00	\$ 13.00	\$ 14.00	\$ 15.00	\$ 16.00
ASP - Jr Counselors	\$ 9.60	\$ 10.00	\$ 11.00	\$ 12.00	\$ 13.00	\$ 14.00	\$ 15.00
ASP - Jr Counselors	\$ 9.60	\$ 10.00	\$ 11.00	\$ 12.00	\$ 13.00	\$ 14.00	\$ 15.00
ASP--driver	\$ 20.00	\$ 20.50	\$ 21.50	\$ 22.50	\$ 23.50	\$ 24.50	\$ 25.50
ASP - driver aid	\$ 9.60	\$ 10.00	\$ 11.00	\$ 12.00	\$ 13.00	\$ 14.00	\$ 15.00
Front Desk	\$10.50	\$11.50	\$12.50	\$13.50	\$14.50	\$15.50	\$16.50

Wrap Up

- Significant impact representing a 25% increase over 2019 budget
 - Current total number of part time employees is over 120
 - Many are HS or College Students
 - Critical need to evaluate on an annual basis
 - Annual review of business model

Questions and Answers