

New Jersey's Minimum Wage to Reach at Least \$15 by 2024

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New Jersey has joined the ranks of [California](#), [Massachusetts](#), [New York](#), and the District of Columbia in requiring a phased increase of the minimum wage to \$15 an hour as a result of a bill ([A-15/S-15](#)) signed into law by Governor Phil Murphy on Monday, February 4, 2019. The law will raise the minimum wage rate from the current rate of \$8.85 per hour to at least \$15.00 an hour by 2024. After 2024, it will increase annually based on changes in the consumer price index. Noticeably absent from the new law is an off-ramp from this policy that would allow the wage hikes to be suspended in the event of a recession or budgetary crunch.

Under the new law, the first raise of \$1.15—up to \$10.00 an hour—will become effective on July 1, 2019. Thereafter, the Garden State's annual minimum wage will increase by the greater of either the federal consumer price index or \$1.00 on the first day of each subsequent year, until it reaches at least \$15.00 in 2024. For covered workers, including teens, the minimum wage rate will rise to the following levels:

- At least \$11.00 an hour on January 1, 2020
- At least \$12.00 an hour on January 1, 2021
- At least \$13.00 an hour on January 1, 2022
- At least \$14.00 an hour on January 1, 2023
- At least \$15.00 an hour on January 1, 2024

Notably, this schedule is not universal. A delayed schedule is allowed for employees of very small businesses, agricultural employees, and “seasonal employees.”

Employers with five or fewer employees and those of seasonal employees (workers for “seasonal employers,” who work exclusively between May 1 and September 30) may not have to pay \$15.00 an hour to those employees until 2026. The minimum wage for employees of very small businesses and seasonal employees will increase from \$8.85 to at least \$10.30 on January 1, 2020; at least \$11.10 in 2021; at least \$11.90 in 2022; at least \$12.70 in 2023; at least \$13.50 in 2024; at least \$14.30 in 2025; and at least \$15.00 in 2026.

The minimum wage applicable to agricultural workers will increase from \$8.85 an hour as of January 1, 2019, to at least \$10.30 on January 1, 2020; at least \$10.90 in 2022; at least \$11.70 in 2023; and at least \$12.50 in 2024. No later than March 31, 2024, the New Jersey labor commissioner and secretary of agriculture will assess the impact of these wage increases on the state's agricultural industry and issue a recommendation as to whether to continue to increase agricultural wages to \$15.00 an hour by 2027. The law provides the procedure to be followed if the commissioner and secretary are unable to agree.

In addition, the law includes a provision expressly permitting employers to take a "tip credit" against their minimum wage obligations, based on gratuities actually received by employees who "customarily and regularly receive gratuities and tips." This arrangement is expressly provided for in the federal Fair Labor Standards Act (FLSA), which allows employers to pay tipped employees a minimum cash wage of \$2.13 an hour, so long as that amount, plus gratuities actually received by the employees, meets or exceeds the minimum wage rate. The New Jersey Department of Labor and Workforce Development has long accepted this approach, but until now, it had not been addressed in the New Jersey State Wage and Hour Law or its implementing regulations. Unlike the FLSA, the New Jersey law now provides for phased increases to the minimum cash wage employers must pay tipped workers, which track the increases to the minimum wage rate provided for in the law. Currently, the law allows employers to satisfy their obligations to tipped workers by paying a minimum cash wage of \$2.13. This will increase to at least \$5.13 per hour in 2024. Employers seeking to take advantage of the tip credit must always ensure that the combination of the minimum cash wage plus gratuities meets or exceeds the applicable minimum wage.

Labor advocates have long argued the current minimum wage of \$8.85 a year, which amounts to an annual full-time salary of \$18,408 per year, affords no more than the most minimal means in New Jersey. At \$15.00 an hour, a full-time minimum wage worker would earn \$31,200 per year. Whether this elevation to a so-called "living wage" is realized without unduly stressing small businesses, triggering price increases, or hastening use of automation in place of unskilled workers remains to be seen. Also unclear is whether the increase will help New Jersey's teenagers or if it will simply compel employers to hire older, arguably more experienced employees.

Finally, the New Jersey Department of Labor and Workforce Development recently issued [its new Wage & Hour Law Abstract poster](#), which must be posted in all New Jersey workplaces. The poster will likely be superseded by a new poster issued once the July 2019 minimum wage increase goes into effect.

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