

Why we're giving our employees a raise

By Jamie Dimon

July 12, 2016 – *The New York Times*

Wage stagnation. Income inequality. A lack of quality education. Insufficient training and skills development.

Issues like these have led approximately two-thirds of Americans to believe that the next generation will be worse off than the last. And it is true that too many people are not getting a fair opportunity to get ahead. We must find ways to help them move up the economic ladder, and everyone — business, government and nonprofits — needs to play a role.

At JPMorgan Chase, we're starting by giving thousands of employees a raise.

Our minimum salary for American employees today is \$10.15 an hour (plus meaningful benefits, which I'll explain later), almost \$3 above the current national minimum wage. Over the next three years, we will raise the minimum pay for 18,000 employees to between \$12 and \$16.50 an hour for full-time, part-time and new employees, depending on geographic and market factors.

A pay increase is the right thing to do. Wages for many Americans have gone nowhere for too long. Many employees who will receive this increase work as bank tellers and customer service representatives. Above all, it enables more people to begin to share in the rewards of economic growth.

And it's good for our company, helping us attract and retain talented people in a competitive environment. While businesses, including ours, are understandably cautious when it comes to expenses, there are good expenses (investments that will pay off in the long run) and bad expenses (waste and inefficiencies). We have never hesitated to invest aggressively if we thought it would improve our long-term prospects.

While a higher wage is important, so are benefits. Our lower-compensated employees receive a medical plan — subsidized up to 90 percent by the company — as well as dental, vision and other coverage. Many of these and other benefits, including a 401(k), pension, a special annual award, paid family leave, paid vacation and bereavement, have been increased in recent years. In total, the annualized value of all of our benefits for these employees is on average approximately \$11,000 a year above their existing wages.

It is true that some businesses cannot afford to raise wages right now. But every business can do its part through whatever ways work best for it and its community. It can identify local partners to address economic inequality. It can encourage and provide continuous training, teach leadership capabilities and identify mentors to help sharpen employee skills.

In our case, we will invest over \$200 million in 2016 on training for thousands of entry-level employees in our consumer banking business. We're on pace to train 30 percent more employees this year, many of whom are tellers. This type of training has helped more than 40 percent of our tellers get promoted into higher-paying roles within five years, and we now have five very senior regional directors who worked as tellers.

Of course, not all skills development can be done on the job. Currently, about five million young people are neither working nor in school. Others are stuck in dead-end, low-wage jobs without the skills they can transfer to better paying careers. They lack the right education or credentials that will set them up for long-term success. This is a national tragedy and an economic crisis.

We are also investing \$325 million in career-oriented education aligned to growing sectors. This fall, through partnerships with education organizations, we will provide 10 states with up to \$2 million each to strengthen and expand career-focused education in their school systems. These investments are focused on the millions of well-paying jobs that do not need a bachelor's degree but do require training, either in high school or a post-secondary program.

Around the world, these programs are helping job seekers, including young people and adults, attain valuable skills in a range of fields, from robotics to nursing.

Finally, programs like the Earned Income Tax Credit supplement earnings of lower-income workers, strengthen families and improve prospects for communities. We should consider broadening the credit to make more workers eligible.

America has been dealt an extraordinary hand, and I am optimistic about our future. Our universities are second to none. We have many of the best businesses on the planet — small, medium and large. Americans are among the most entrepreneurial and innovative people in the world, from those who work in entry-level jobs on the factory floor to Bill Gates. We have a reliable system of law, extremely low corruption and a hugely resilient and self-correcting democracy.

We face many challenges. But they can be overcome by government, business and the nonprofit sectors working together to build on models of success that advance economic opportunity and create more widely shared prosperity.

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