



**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813

<http://labor.hawaii.gov>

February 7, 2013

To: The Honorable Clayton Hee, Chair, Maile Shimabukuro, Vice Chair, and
Members of the Senate Committee on Judiciary and Labor

Date: February 7, 2013

Time: 10:00 a.m.

Place: Conference Room 016, State Capitol

From: Dwight Y. Takamine, Director
Department of Labor and Industrial Relations (DLIR)

Re: S.B. No. 331 Proposed SD1 Relating to Labor

I. OVERVIEW OF PROPOSED LEGISLATION

This proposal increases the minimum wage in three stages from \$7.25 to \$9.25 as of July 1, 2015 and beginning in 2016, it provides for an annual minimum wage increase adjusted according to the consumer price index for urban wage earners and clerical workers (CPI-W) as calculated by the United States Department of Labor.

The department strongly supports the proposed measure.

II. CURRENT LAW

The current minimum wage is \$7.25. Employers are allowed to claim a tip credit of 25 cents for tipped employees, i.e. pay them \$7.00, provided the tipped employee actually makes at least \$7.75 an hour, or 50 cents above the minimum wage.

III. COMMENTS ON THE SENATE BILL

The purpose of the proposal is to raise the minimum wage to further the economic recovery of Hawaii and lift Hawaii residents out of poverty and to match the minimum wage to the cost of inflation on an annual basis. An increase in the minimum wage will boost consumer demand and jobs because minimum and low-wage workers spend most if not all of their increased wages and therefore will generate economic activity to support our continued recovery from the recession.

DLIR notes that the language in the proposed subsection (c) is inconsistent with the proposed (a) (6) and (7).

Minimum Wage is higher in 19 states and D.C. despite higher cost of living in Hawaii

The following twenty states or jurisdictions have a higher minimum wage than Hawaii as of January 1 2013; ten of these states index their minimum wage to inflation so that the real value of the minimum wage does not fall every year.

- \$9.19 Washington*
- \$8.95 Oregon*
- \$8.60 Vermont*
- \$8.25 Connecticut*, District of Columbia*, Nevada*, Illinois
- \$8.00 California, Massachusetts*
- \$7.75 Alaska, Rhode Island
- \$7.85 Ohio*
- \$7.79 Florida*
- \$7.80 Arizona*, Montana*
- \$7.78 Colorado*
- \$7.50 Maine*, New Mexico
- \$7.40 Michigan, Rhode Island

*Denotes indexed to a cost of living or other indexing mechanism.

Give Hawaii's minimum wage earners more buying power

This amendment will improve the quality of life for current minimum wage workers by adjusting the minimum wage for inflation to give workers more purchasing power. It will also provide an incentive for those moving from welfare to work to earn wages that will enable them to become self-sufficient. The majority of minimum wage workers in such occupations as waitperson, food service counter worker, and bus person, will also see an improvement in their economic sustainability.



The last minimum wage increase was in 2007. Using that as the base year, and adjusting the current \$7.25 minimum wage for inflation based on the most recent Consumer Price Index that is updated semi-annually and using the Department of Business Economic Development and Tourism's (DBEDT) CPI-U forecast for 2013 to 2014, a worker would have to be paid \$9.16 by 2016 to have the same purchasing power that the worker had in 2007 at \$7.25 an hour. Conversely, if the current minimum wage were deflated to 2007 dollars, it would be worth only \$5.76 in 2016.

By increasing the minimum wage and providing a mechanism for it to keep up with the cost of inflation, the number of Hawaii residents living in poverty will decrease. The U.S. Census Bureau recently estimated that 17.4 percent of state residents live in poverty, or about one-fifth of Hawaii residents, and that makes Hawaii the seventh highest state with the percentage of people living in poverty. Minimum wage earners in Hawaii currently earn \$15,080 annually working 40 hours a week for 52 weeks.

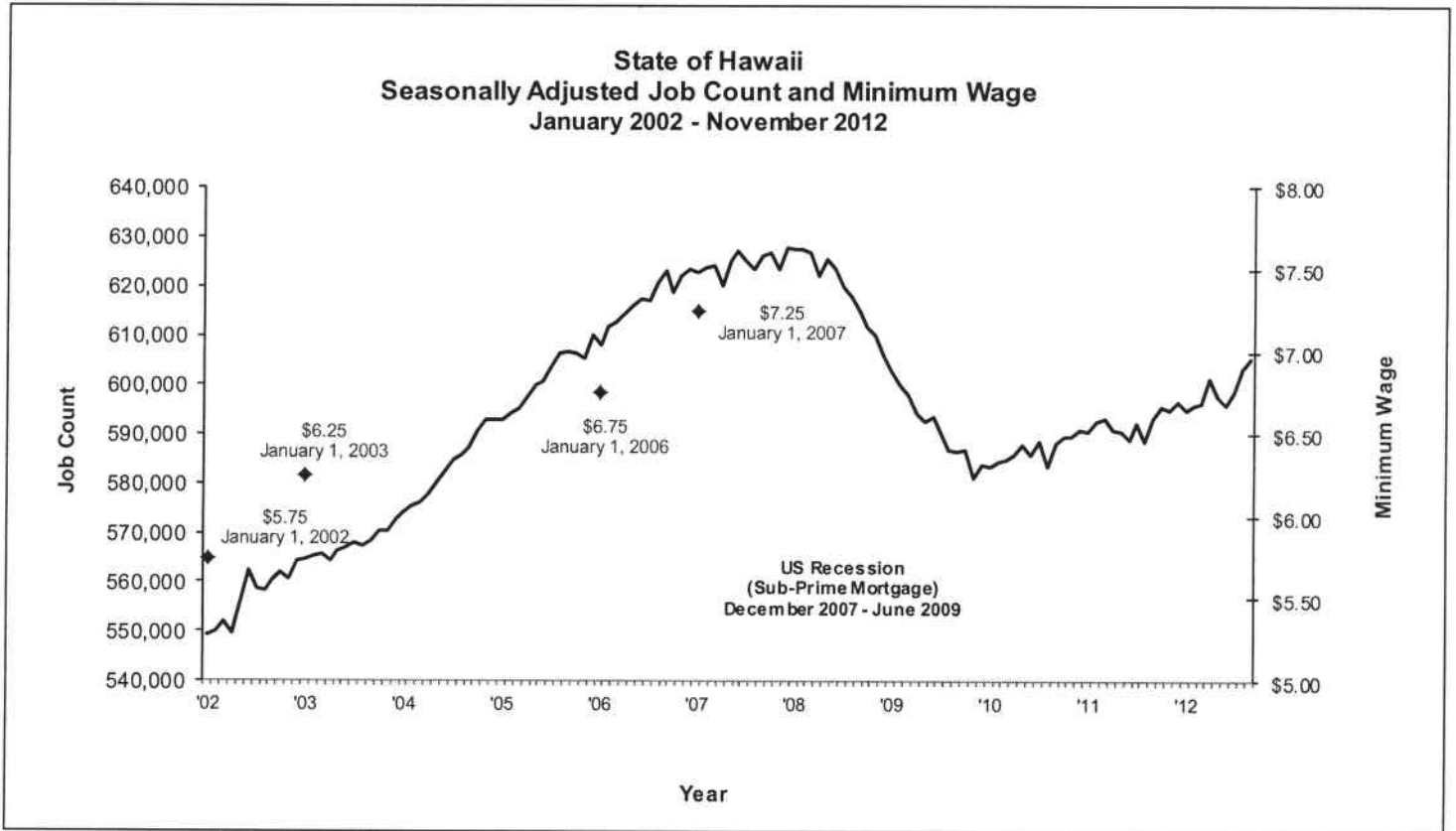
2013 Hawaii Poverty Guidelines

Household size	100%	133%	150%	200%	300%	400%
1	\$13,230	\$17,596	\$19,845	\$26,460	\$39,690	\$52,920
2	17,850	23,741	26,775	35,700	53,550	71,400
3	22,470	29,885	33,705	44,940	67,410	89,880
4	27,090	36,030	40,635	54,180	81,270	108,360
5	31,710	42,174	47,565	63,420	95,130	126,840
6	36,330	48,319	54,495	72,660	108,990	145,320
7	40,950	54,464	61,425	81,900	122,850	163,800
8	45,570	60,608	68,355	91,140	136,710	182,280

It is also desirable for Hawaii to maintain a minimum wage standard that reflects the increase in the cost of living, especially considering Hawaii is the most expensive state to live in. (See 2012 ACCRA Third Quarter 2012 Cost of Living Data as published by the Missouri Economic Research and Information Center at http://www.missourieconomy.org/indicators/cost_of_living/index.stm).

- ✓ The cost of living is twelve per cent higher than the next highest area (Washington, D.C.) and eighty-nine per cent higher than in Oklahoma, which is the least expensive area.
- ✓ The cost of groceries is fifteen per cent higher than in Alaska, which is the state with the second highest grocery costs, and seventy-one per cent higher than Kansas, which has the lowest grocery costs in the nation.
- ✓ Similarly, the cost of transportation is twelve per cent higher than Connecticut, which is the state with the second highest transportation costs, and forty-seven per cent higher than Mississippi, which has the lowest transportation costs in the nation.

Increase in minimum wage does not affect job count



Since 2002, the minimum wage has increased four times and on each of those occasions, the seasonally adjusted job count continued to grow.



STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 7, 2013

MEMORANDUM

TO: The Honorable Clayton Hee, Chair
Senate Committee on Judiciary and Labor

FROM: Patricia McManaman, Director

SUBJECT: **S.B. 331 Proposed S.D. 1 - RELATING TO LABOR**

Hearing: Thursday, February 7, 2013; 10:00 a.m.
Conference Room 016, State Capitol

PURPOSE: The purpose of S.D. 331, Proposed S.D. 1, is to increase the minimum wage to \$8.25 starting 07/01/13, \$8.75 starting 07/01/14, and \$9.25 starting 07/01/15 and ending 06/30/16. It also authorizes the Department of Labor and Industrial Relations to adjust the minimum hourly wage thereafter in accord with the consumer priced index.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports increasing the minimum wage in Hawaii and respectfully requests that the Legislature pass Administration bill, S.B. 1147, to effectuate the purpose of this bill.

According to the United States Department of Labor, Bureau for Labor Statistics, of the 321,000 hourly workers in Hawaii, 8,000 were paid the minimum wage of \$7.25 in 2011 while an additional 7,000 residents were paid below the minimum wage. For those workers earning minimum wage at a full-time job, annual earnings total \$15,080. This measure will ensure that Hawaii's lowest paid workers will earn wages that will at least support their basic needs.

Importantly, with this measure Hawaii will also join the 10 other states across the nation that adjust their minimum wages annually to keep pace with the rising cost of living – a policy known as indexing. Indexing to inflation ensures that real wages for our lowest paid workers do not fall even further behind.

If we accept the figures used by the United States Census Bureau to apportion cost of living expenses then 13% of an individual's earnings are applied towards grocery items, 29% towards housing, 10% towards utilities, 12% towards transportation, 4% towards healthcare, and 32% towards other miscellaneous items. Applying the United States Census Bureau's formula, a family earning \$7.25 per hour would allocate \$350 per month towards housing, \$120 towards utilities, \$145 towards transportation, and \$157 towards groceries. In urban Honolulu's housing market it is a stretch to find apartments renting for below \$1,000 per month and difficult to imagine utility bills including electricity, water, and telephone at costs below \$120 per month.

Raising the minimum wage is good for Hawaii's families and good for Hawaii's economy. Money in the pockets of working people will be spent to make ends meet, boosting our economy and creating jobs in our communities. According to the Federal Reserve Bank of Chicago, every \$1.00 in wage increases for a minimum wage worker results in \$2,800 in new consumer spending by the worker's household over the following year.

Raising the minimum wage is also good for Hawaii's working women who, together with their children, will benefit from increased economic security. In Hawaii, 47% of full-time minimum wage workers are women, and 75% of our heads of household for TANF/TAONF programs are women. Across the nation, women workers are concentrated in low-wage industries such as food service, retail, and home health care and despite the progress women have made, women still earn less overall than men in all occupations – a wage gap that translates into thousands of dollars of

unearned income over a lifetime. As applied to Hawaii's TANF/TAONF beneficiaries, women with children are disproportionately represented in low wage jobs and will accrue the greatest benefits from an increase in the minimum wage.

Raising the minimum wage is the right thing to do. Franklin D. Roosevelt called the minimum wage, "a fair day's pay for a fair day's work." Yet, today's minimum wage of \$7.25 buys 30% less of what it did 40 years ago. It's time for Hawaii to ensure that poorest of our wage workers can at least support their most basic needs. It's time for a New Day for Hawaii's poorest wage workers.

Thank you for the opportunity to provide testimony on this bill.

NEIL ABERCROMBIE
GOVERNOR



BARBARA A. KRIEG
DIRECTOR

LEILA A. KAGAWA
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN RESOURCES DEVELOPMENT
235 S. BERETANIA STREET
HONOLULU, HAWAII 96813-2437

February 6, 2013

**TESTIMONY TO THE
SENATE COMMITTEE ON JUDICIARY AND LABOR**

For Hearing on Thursday, February 7, 2013
10:00 a.m., Conference Room 016

BY
BARBARA A. KRIEG, DIRECTOR

**Senate Bill No. 331
Relating to Labor**

WRITTEN TESTIMONY ONLY

TO CHAIRPERSON CLAYTON HEE AND MEMBERS OF THE COMMITTEE:

The purpose of S. B. No. 331 is to increase the minimum wage in Hawaii and tie future adjustments to the consumer price index for urban wage earners and clerical workers (CPI-W).

The Department of Human Resources Development offers these comments regarding this bill. The consumer price index is calculated by the United States (U.S.) Department of Labor by various geographical areas, for example, U.S. city average, region, metropolitan area, etc. We suggest that the bill specify which index will be used to calculate adjustments to future minimum wage increases.

Thank you for the opportunity to testify on this matter.

Senator Clayton Hee, Chair
Senator Maile S. L. Shimabukuro, Vice Chair
Committee on Judiciary and Labor
State Capitol, Honolulu, Hawaii 96813

HEARING Thursday, February 07, 2013
 10:00 am
 Conference Room 016



RE SB331, Proposed SD1, Relating to Labor

Chair Hee, Vice Chair Shimabukuro, and Members of the Committee:

Retail Merchants of Hawaii (RMH) is a not-for-profit trade organization representing 200 members and over 2,000 storefronts, and is committed to support the retail industry and business in general in Hawaii. The retail industry is one of the largest employers in the state, employing 25% of the labor force.

RMH strongly opposes SB331, Proposed SD1, which increases minimum wage to \$8.25 starting 07/01/13, \$8.75 starting 07/01/14, and \$9.25 starting 07/01/15 and ending 06/30/16; authorizes the department of labor and industrial relations to adjust the minimum hourly wage thereafter in accord with the consumer price index.

When the economy faltered in 2008, retailers took significant measures to maintain employment levels by containing employment costs through across-the-board wage and salary reductions, while keeping benefits intact.

Five years later, the retail industry has seen reasonable growth, with existing companies opening new locations and new retailers entering the marketplace. Hundreds of new retail jobs are being created, with compensation levels based on the current economic conditions and employment regulations. Increasing the minimum wage is counterproductive to this growth.

An increase in the minimum wage causes a compression of wages between newly hired, inexperienced workers and veteran, experienced employees. An attempt to mandate scheduled but indeterminate adjustments at the lowest tier of the employment scale would cause a tremendous and prohibitive increase in overall employment costs. Furthermore, an increase in payroll costs would also lead to increases in benefit costs that are based on wages, including vacation and holiday pay, unemployment insurance, social security and Medicare, and workers' compensation premiums.

An additional, but generally not considered tangible, benefit within the retail industry is the employee discount which is provided to all employees. Generally in the 25% to 30% range, this discount represents a measurable savings to employees, particularly in the grocery and apparel categories.

Our economy remains tenuous. Our focus should be on stabilizing our businesses so as to enable increasing employment and hastening recovery.

The members of the Retail Merchants of Hawaii respectfully request that you hold SB331, proposed SD1. Thank you for your consideration and for the opportunity to comment on this measure.

Carol Pregill, President



ITO EN

www.itoen.com

ITO EN (USA) INC.
125 PUUHALE ROAD
HONOLULU, HI 96819
TEL 808 847 4477
FAX 808 841 4384

ITO EN (NORTH AMERICA) INC.
45 MAIN STREET, SUITE 3A
BROOKLYN, NY 11201
TEL 718 250 4000
FAX 718 246 1325

To: COMMITTEE ON JUDICIARY AND LABOR
Senator Clayton Hee, Chair
Senator Maile S.L. Shimabukuro, Vice Chair

From: Wendy Chuck
Human Resources Manager, ITO EN (USA) Inc.

Date: Thursday, February 7, 2013
Time: 10:00 A.M.

Place: Conference Room 016

Re: SB331 RELATING TO LABOR

Position – OPPOSE

Employee pay is only one of many expenses companies must review from year to year when preparing budgets. Employee benefits, equipment purchases, facility repairs and upgrades, marketing plans, raw materials, lease negotiations, etc. Companies must have the flexibility to apportion their budgets and decide where money will be spent and when it will be spent. Imposing a steep increase to minimum wage and then tying it to the rise in the CPI from year to year will force companies to cut back spending in other areas that could have devastating effects on business and job growth.

Forced Increases: The \$1.00 increase from our current \$7.25 minimum wage to the \$8.25 proposed 2013 minimum wage would result in \$2,080 more in wages for each full-time minimum wage employee in 2013-2014. Increasing again in 2014 to \$8.75 is a 6% increase. I feel it is unfair to be forced to automatically grant a 6% wage increase to an entry level worker and then not be able to afford raising the wages of higher performing and more experienced workers. Let's not forget each year many businesses must figure out how to continue to afford providing health care benefits to their workers. These increases typically outpace the CPI.

Compressed Wages: Giving the lowest paid employees in an organization raises will result in lesser experienced employees receiving the same or similar pay as more experienced workers. This will force employers to upwardly adjust wages of the experienced employees or face decreased morale. Some businesses will not be able to afford this and will be forced to eliminate entry level jobs. There will be fewer entry level jobs available for students, immigrants entering the work force and unskilled workers.

Drastic Rise in Cost of Business: The minimum wage increase impacts businesses not only in direct wages, but also drastically heightens other business costs based on wage payments, such as payroll taxes (e.g., social security contributions, Medicare taxes), unemployment, workers compensation and TDI premiums. This increases the cost of doing business and will force many companies to pass on this cost to their customers in the form of higher prices.

CPI Increases: In 2015 if the minimum wage rate is tied to CPI at 4%, the hourly rate becomes \$9.10. It is not standard business practice to automatically grant raises based on CPI – because a rise or fall in the CPI is not a direct correlation to profits. And again, when a business does have profits, they must decide how best to spend the money and the timing of the spending – automatic wage increases are not always the answer. Some businesses grant bonuses with the past year's profits instead of permanent wage rate increases, because of the uncertainty the coming year will bring.

The enactment of a minimum wage increase at this time will undermine efforts made to turn Hawaii's economy around. Hawaii's business community is at a critical point – where any additional mandates could mean the difference between continued existence or bankruptcy.

Thank you for the opportunity to testify.

hee2 - Kathleen

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 05, 2013 11:21 AM
To: JDLEstimony
Cc: dan.nellis@dole.com
Subject: Submitted testimony for SB331 on Feb 7, 2013 10:00AM

SB331

Submitted on: 2/5/2013

Testimony for JDL on Feb 7, 2013 10:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Daniel Nellis	Dole Food Co. Hawaii	Oppose	No

Comments: The proposed minimum wage increase and proposed automatic adjustments is detrimental to agriculture businesses that rely seasonally on unskilled entry level workers. Dole Food Co. Hawaii strongly opposes this bill.

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov



The Hawaii Business League

1188 Bishop St., Ste. 1003, Honolulu, Hawaii 96813
Phone: (808) 533-6819 Facsimile: (808) 533-2739

February 7, 2013

Testimony To: Senate Committee on Judiciary and Labor
Senator Clayton Hee, Chair

Presented By: Tim Lyons
President

Subject: S.B. 331 – RELATING TO LABOR

Chair Hee and Members of the Committee:

I am Tim Lyons, Executive Vice President of the Hawaii Business League, a small business organization. We are in opposition to this bill.

For some reason it seems difficult to get across the concept that when there is only so much of the pie to cut into wages, pension, health benefits, annuity benefits, sick leave, holiday pay, etc. that by dictating how much the employer will pay in one area, automatically means an decrease in other areas.

We understand the problem of some individuals feeling that they are not making enough money and, in a lot of cases, employers that are forced to pay minimum wage also feel they do not make enough money. The problem is exacerbated since the employee sees their net pay, after all the taxes have been deducted. What the employer sees however is the gross cost which includes workers' compensation premiums, temporary disability insurance premiums and unemployment insurance taxes, all of which are based on how much the employee makes. As an example, on a \$1.00 paycheck the employer sees \$1.45(e) in costs; the employee perhaps only gets a

\$0.67(e) pay check. Any increase in wages automatically calls for a corresponding increase in fringe benefits costs however because of the tax rates the employee only sees a very small increase in their net pay check.

We also find it very difficult to compare our employee's pay rates with employees from other states. Employers in other state don't have the costs of the Hawaii Pre Paid Health Care Act to deal with, a cost that can add another \$300 to \$1200 cost factor to each employee, per month. Most also do not have temporary disability insurance costs for off the job injuries to deal with. Factor those costs alone in and our full time employees are getting around another \$2.00, plus per hour on top of the minimum wage.

There is no doubt that those supporting this bill will feel like they should make more money and we do not disagree with that. However, given today's realities there is no extra money for most companies to pay more wages and what you will do is cause the demise of individual positions so that existing employees can be paid a higher rate.

It has already been reported that there are some allegations that because of the mandatory health insurance law, some employers have converted their full time employees to part-time employees, because of the cost of health insurance. This is not a cruelty act on the part of the employer but it is life in the real world. If you can only afford to pay "X" amount of dollars however, they are eaten up through wages or through fringe benefits then, it automatically means action one of two ways: 1) the price of the goods offered goes up causing the rest of the consumers that purchase goods and services from the business to pay more, 2) the employer cuts back on the number of people he has to pay all of these mandates to. Either way, we believe the people of this State lose.

We also find it quizzical that part of the reason, we are told, to increase the minimum wage is that the wage earners will immediately infuse their dollars into the economy. That may be true but even the Department of Labor noted in their 2011 testimony on

this subject that only 1.7% of the workforce in the first six (6) months of 2010 was earning minimum wage. An infusion of that nature won't even make the meter move.

Lastly, we object to using the CPI and having some automatic, mathematical formula dictate the wage amounts. Wages should have some relationship to abilities and effort. Again, an automatic increase in wages may mean an automatic decrease in other benefits, something that should be considered on an individual employee basis.

Thank you.



February 5, 2013

Senate Committee on Judiciary and Labor
State of Hawaii
State Capitol, Room 016
Honolulu, HI 96813

RE: SENATE BILL 331, RELATING TO LABOR

Chair Clayton Hee, Vice Chair Maile S.L. Shimabukuro, and Members of the Committee:

My name is Jenai Wall. I am the Chairman and CEO of Foodland Super Market Ltd. We employ approximately 2,500 employees and are Hawaii's only locally owned supermarket with stores statewide. I appreciate the opportunity to provide testimony, and respectfully convey my opposition to Senate Bill 331 Relating to Labor.

This measure requires an increase in the minimum wage from \$7.25 per hour to \$8.25 per hour, effective July 1, 2013 and to \$8.75 in 2014; then on July 1 of each subsequent year the minimum wage rate will increase to a wage rate established by the Department of Labor and Industrial Relations which is derived from the inflation rate for the current year. While we pride ourselves in offering competitive wage rates for our employees, this change would result in a substantial increase in labor expense and would be difficult for our business to bear in the challenging economic environment within which we operate today.

While I understand the concerns presented in this measure, our company currently provides hourly rates above the current minimum wage rate of \$7.25. Nevertheless, the increased minimum wage will impose an increase on all hourly rates and will especially increase costs for the group of employees where we traditionally experience the highest turnover. Our employees are our most valuable asset and we take great pride in providing fair hourly wage rates for all positions. We also offer a comprehensive and generous benefits package, which includes medical and dental coverage at either low or no cost to the employee and their family, even while medical premiums have increased year after year. We also offer paid leave including holiday pay, vacation pay, and sick leave benefits; pension contributions, group life insurance, temporary disability insurance, long term disability, worker's compensation coverage, Social Security coverage and other industry related benefits. On average, these additional benefits increase the hourly rate for an employee by 34%.

In addition, worker's compensation, Social Security tax, Medicare tax, temporary disability insurance and unemployment insurance tax are all based on wage. This bill will not only increase our direct labor costs but will also increase our mandated benefits costs and taxes.

The passage of this measure will force our company to offset the increase in the hourly wage rate through a reduction in our discretionary benefits and available jobs.

Thank you for the opportunity to submit testimony regarding Senate Bill 331. If you have any questions, please contact me at Foodland Super Market, Ltd., 3536 Harding Avenue, Honolulu, HI 96816, or via phone at (808) 732-0791.

Sincerely,

Jenai Wall
Chairman and CEO
Foodland Supermarket Ltd.

THE LIBERTARIAN PARTY OF HAWAII
C/O 1658 LIHOLIHO ST #205
HONOLULU, HI 96822

TESTIMONY

To the Senate Committee on Judiciary and Labor
RE SB #2331 to be heard Thursday, February 7, at 10:00AM in Conference Room #016

Dear Senators:

The Libertarian Party of Hawaii **opposes passage of Senate Bill #331** relating to an increase in the minimum wage. Aside from our philosophical opposition to government interfering with the free negotiation between wage earner and employer we hold that there are strong practical reasons not to pass this legislation.

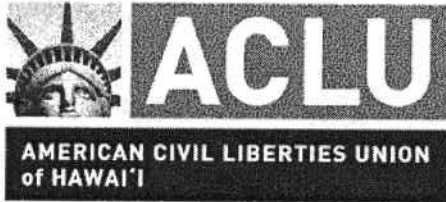
Despite testimony and support from many well intentioned people it must be recognized that the minimum wage cannot improve the purchasing power of the workers it is aimed to help. The market place sets wage rates based on the supply and demand for the myriad different types of labor and jobs. These factors are not affected by minimum wage laws. All such laws do is make illegal any work for which the market value is lower than the minimum set by law. The idea that employers can remain in business while paying wages in excess of the market value of the labor received in exchange is false.

The best way to address the goals of this ill considered legislation is to create a strong economic environment wherein the demand for labor is high and the level of goods and services produced continues to grow and improve purchasing power. This however, would require a very different approach and world view than this legislation suggests

Very Truly Yours:



Tracy Ryan
Acting Chair, The Libertarian Party of Hawaii



Committee: Committee on Judiciary and Labor
Hearing Date/Time: Thursday, February 07, 2013, 10:00 a.m.
Place: Conference Room 016
Re: Testimony of the ACLU of Hawaii in Support of S.B. 331, Relating to Labor

Dear Chair Hee and Members of the Committee on Judiciary and Labor:

The American Civil Liberties Union of Hawaii ("ACLU of Hawaii") writes in support of S.B. 331, Relating to Labor. We applaud this effort to raise the hourly minimum wage to \$8.25, beginning in 2014, and to use consumer price indexes to ensure that the wages adjust with inflation in the future.

The ACLU of Hawaii is committed to the defense and preservation of workers' rights and we support S.B. 331 primarily because a higher minimum wage allows greater income security and a higher quality of life for employees living in the country's most expensive state. Similarly, as prices rise and inflation occurs, previous minimum wages are worth less and less, which places an unreasonable and unjust burden on employees whose cost of living cannot be reasonably met.

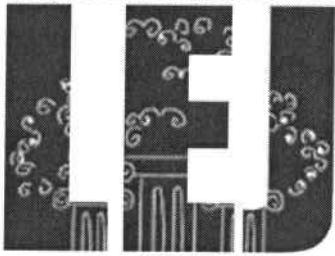
We urge you to recognize the importance of employment security and increased minimum wages by supporting S.B. 331.

Thank you for this opportunity to testify.

Sincerely,
Laurie A. Temple
Staff Attorney and Legislative Program Director
ACLU of Hawaii

The American Civil Liberties Union of Hawaii ("ACLU") has been the state's guardian of liberty for 47 years, working daily in the courts, legislatures and communities to defend and preserve the individual rights and liberties equally guaranteed to all by the Constitutions and laws of the United States and Hawaii. The ACLU works to ensure that the government does not violate our constitutional rights, including, but not limited to, freedom of speech, association and assembly, freedom of the press, freedom of religion, fair and equal treatment, and privacy. The ACLU network of volunteers and staff works throughout the islands to defend these rights, often advocating on behalf of minority groups that are the target of government discrimination. If the rights of society's most vulnerable members are denied, everyone's rights are imperiled.

American Civil Liberties Union of Hawaii
P.O. Box 3410
Honolulu, Hawaii'i 96801
T: 808-522-5900
F: 808-522-5909
E: office@acluhawaii.org
www.acluhawaii.org

**Board of Directors**

David Derauf, M.D.
 Marc Fleischaker, Esq.
 Naomi C. Fujimoto, Esq.
 Patrick Gardner, Esq.
 Francis T. O'Brien, Esq.
 David J. Reber, Esq.

Executive Director

Victor Geminiani, Esq.

Testimony of Hawai'i Appleseed Center for Law and Economic Justice
 Supporting SB 331 Relating to Labor
 Senate Committee on Judiciary and Labor
 Scheduled for Hearing on Thursday, February 7, 2013, 10:00 AM, Room 016

Thank you for an opportunity to testify in strong support of Senate Bill 331 S.D. 1, which would raise the minimum wage.

Hawai'i Appleseed Center for Law and Economic Justice (formerly Lawyers for Equal Justice) is a nonprofit, 501(c)(3) law firm created to advocate on behalf of low income individuals and families in Hawai'i on civil legal issues of statewide importance. Our core mission is to help our clients gain access to the resources, services, and fair treatment that they need to realize their opportunities for self-achievement and economic security.

Increasing the minimum wage is critical given the serious financial hardship faced by our low-income residents.

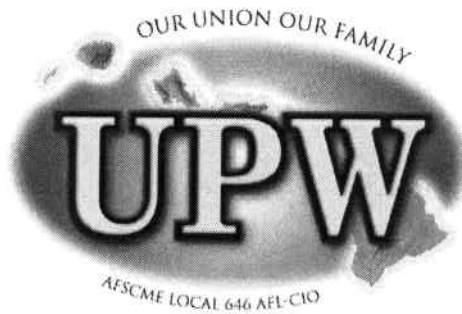
- Hawai'i's housing and electricity costs are the highest in the nation, with more than 75 percent of people living in poverty paying over 50 percent of their income on shelter.
- Food costs are 60 percent higher than on the mainland based on the USDA's "Thrifty Food Plan," which calculates the most inexpensive way possible for an individual to meet basic nutritional requirements.
- Due to relatively high income taxes and the GET, Hawai'i is considered the fourth most regressive state for taxes, according to the Institute on Taxation and Economic Policy.
- In light of the extremely high cost of living, heavy tax burden, and wages paid, Hawai'i is considered to have the lowest adjusted wages in the nation.

Hawai'i's current minimum wage utterly fails to account for our extraordinarily high cost of living.

- Hawai'i's minimum wage is one of 23 states set at the federal level. Had the federal minimum wage even kept up with inflation over the last 40 years, today it would be \$10.58. The state minimum wage is not raised in accordance with cost of living increases.
- A living wage is based on the minimum cost of living for low wage families. In Honolulu County for one adult is \$12.91 according to the Massachusetts Institute of Technology's Living Wage Calculator. For a couple with two children, it rises to \$24.81—over 70 percent more than two working adults earn at minimum wage. Increasing the minimum wage is a small but essential start to meeting families' basic needs.

The benefits to increasing the minimum wage are many:

- Leads to more spending in the local economy, since low-income households are likely to immediately spend their money on necessities. This spending ultimately creates additional jobs by boosting economic activity.
- Reduces employee turnover, resulting in more experienced workers, and boosts productivity, leading to overall savings for employers. Contrary to the protests of many business owners, increasing the minimum wage does not lead to job loss or depressed economic activity. The most comprehensive study, conducted by the University of Massachusetts, University of North Carolina, and the University of California on the minimum wage compared neighboring counties across state lines from 1996 to 2006, and found minimum wages did not lead to any decreases in jobs.
- Decreases reliance on public benefits and social services, reducing expenditures and increasing efficiency by avoiding government administration of benefits.



THE HAWAII STATE HOUSE OF REPRESENTATIVES
The Twenty-Seventh Legislature
Regular Session of 2013

COMMITTEE ON JUDICIARY AND LABOR

The Honorable Sen. Clayton Hee, Chair
The Honorable Sen. Maile Shimabukuro, Vice Chair

DATE OF HEARING: Thursday, February 7, 2013
TIME OF HEARING: 10:00 AM
PLACE OF HEARING: Conference Room 016

TESTIMONY ON SB331 RELATING TO LABOR

By DAYTON M. NAKANELUA,
State Director of the United Public Workers,
AFSCME Local 646, AFL-CIO ("UPW")

My name is Dayton M. Nakanelua and I am the State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW is the exclusive representative for approximately 14,000 public employees, which include blue collar, non-supervisory employees in Bargaining Unit 1 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

The UPW supports SB331, which increases the minimum hourly wage. The cost of living in Hawaii is the highest in the nation, but our state's minimum wage is still equivalent to the federal minimum of \$7.25 an hour. The last time that the minimum wage was increased was in 2007. As of 2012, the poverty level for a family of two in Hawaii is \$17,410 and \$21,960 for a family of three. An individual who works 40 hours a week at minimum wage for 52 weeks would earn \$58.00 a day, \$290.00 a week, and \$15,080 a year. A family of two or more would be well below the poverty level.

For the reasons stated above, we ask that the respective Committees pass this measure.

Thank you for the opportunity to testify on this measure.



PRIDE@WORK Hawai'i

Lesbian, Gay, Bisexual, and Transgender Workers and Allies

February 7, 2013

Senate Committee on Judiciary and Labor
Chair, Sen. Clayton Hee
Vice Chair, Sen. Maile Shimabukuro

Testimony in strong support of SB 331 SD1

Pride At Work Hawai'i, an affiliate of the Hawai'i State AFL-CIO, strongly supports the provisions of SB 331 which would increase the minimum wage to \$9.25 over the 3 years and index future increases to the consumer price index.

Raising Hawai'i's minimum wage is long overdue, as the last increase was in 2007. Nineteen states and the District of Columbia now have a higher minimum wage than Hawaii, and ten states index their minimum wage to inflation so that the real value of the minimum wage does not fall every year.

Hawaii's cost of living is the highest in the nation; however, Hawaii's minimum wage is still equal to the federal minimum wage of \$7.25 an hour. At the current minimum wage, full-time minimum wage worker in Hawaii who works 40 hours a week for 52 weeks would earn \$15,080 for the year - far from a living wage.

Increasing the minimum wage is especially important for lesbian, gay, bisexual, and transgender (LGBT) workers. Nationally, studies consistently show that LGBT workers are typically paid less than their heterosexual peers.

We hope you will support low-wage workers by passing SB 331 SD1. Thank you for your attention to this very important issue.

PRIDE AT WORK HAWAII'I advocates for full equality and inclusiveness - in our workplaces and our unions - for LGBT workers and our families, and builds solidarity between the Labor movement and the LGBT community.

PO Box 22416 Honolulu, HI 96822 (808) 543-6054 prideatworkhi@gmail.com www.prideatworkhawaii.org



HAWAII CATHOLIC CONFERENCE
6301 Pali Highway
Kaneohe, HI 96744-5224

ONLINE SUBMITTAL

Hearing on Thursday 7, 2013 @ 10:00 a.m.
Conference Room #016

DATE: February 5, 2013

TO: **Senate Committee on Judiciary & Labor**
Sen. Clayton Hee, Chair
Sen. Maile Shimabukuro, Vice Chair

FROM: Walter Yoshimitsu, Executive Director

RE: Support for SB 331 Relating to Labor

I am Walter Yoshimitsu, representing the Hawaii Catholic Conference. The Hawaii Catholic Conference is the public policy voice for the Roman Catholic Church in the State of Hawaii under the leadership of Bishop Larry Silva. We urge the Committee to support SB 331 and increase the minimum wage in Hawaii. We believe such an increase is consistent with the tenets of Catholic social teaching on the dignity of workers, the needs of low income wage earners in our state, and the principles that have driven welfare reform at both the state and federal levels.

For over a century, the Catholic Church has addressed the rights of workers in modern industrial societies in light of the principles of Catholic social teaching. A number of these principles are relevant to a discussion over the minimum wage and I offer them for thought.

The Dignity of Workers. Ultimately, the value of work is grounded in the dignity of the human beings who toil in various workplaces across our great state. Every life has value and every worker has dignity. Wages are a critical way by which we recognize that dignity.

Rights and Responsibilities. Our rights are grounded in our own personal responsibility as well as to those in our community. Each of us has the twin responsibility of developing our own God given skills to its fullest and being able to provide for the needs of our families. This is why Catholic social teaching has long defined a just wage in terms of a "family wage," or that which is necessary to meet the needs of a family.

Strengthening the Family. Many of these working people are parents. In this context, raising the minimum wage is one way to strengthen the families of Hawaii. We strongly believe that an increase in the minimum wage is a matter of fairness and justice, and we hope it can be addressed as soon as possible so that it will benefit the people in Hawaii that need it most.

In light of these considerations, raising the state minimum wage is good public policy and we encourage you to pass this bill. Mahalo for the opportunity to testify.



Randy Perreira
President

HAWAII STATE AFL-CIO

320 Ward Avenue, Suite 209 • Honolulu, Hawaii 96814

The Twenty-Seventh Legislature, State of Hawaii
The Senate
Committee on Judiciary and Labor

Telephone: (808) 597-1441
Fax: (808) 593-2149

Testimony by
Hawaii State AFL-CIO
February 7, 2013

S.B. 331 – RELATING TO LABOR

The Hawaii State AFL-CIO strongly supports S.B. 331 which increases minimum wage to \$8.25 starting 7/1/13 and \$8.75 starting 7/1/14 and ending 6/30/15 and adjusts the minimum hourly wage thereafter in accord with the consumer price index.

Hawaii's cost of living is the highest in the nation; however, Hawaii's minimum wage is still equal to the federal minimum wage of \$7.25 an hour. In fact, the last time Hawaii raised the minimum wage was six year ago in 2007 and if Hawaii's minimum wage had been indexed to the Consumer Price Index (CPI) the minimum wage in 2012 would have been \$8.35 an hour. Even states with a lower cost of living have increased their minimum wage while Hawaii has sat back. States such as California, Washington, Illinois, Oregon, and even Nevada all have a higher minimum wage than Hawaii. In fact, 19 states and the District of Columbia have a higher minimum wage than Hawaii and all of them have a lower cost of living. Additionally, Santa Fe has raised its minimum wage to \$10.29 an hour, and San Francisco has raised its minimum wage to \$10.55 an hour becoming the two highest mandatory minimum wages in the country. Even with the higher minimum wages, a number of studies have indicated San Francisco and Santa Fe's minimum wage hasn't had a negative affect on vital components of their economy, such as job creation and unemployment.

Moreover, the poverty line for a family of two in Hawaii as of 2012, is \$17,410, and is increased to \$21,960 for a family of three. A full-time minimum wage worker in Hawaii who works 40 hours a week for 52 weeks would earn \$58.00 a day, \$290.00 a week, and a disturbingly low \$15,080.00 a year. This, unfortunately for a family of two or more, is well below the poverty level. The truth is, over 17 percent or nearly 229,000 Hawaii residents live in poverty when calculating cost of living and regrettably, according to the National Low Income Housing Coalition, in no state can a minimum wage worker afford a two-bedroom unit at Fair Market Rent, working a standard 40-hour work week. In Hawaii, a minimum wage worker would need to work 175 hours a week to afford rent.

According to a report by the National Economic Council in 2000, increasing the minimum wage does not have a negative effect on employment. The National Economic Council states, "since the (national) minimum wage increase in 1996, the economy has created more than 10 million jobs and the unemployment rate has fallen from 5.2 percent in September 1996 to 4.1 percent in February 2000, near its lowest level in thirty years. Labor market trends for workers most affected by the minimum wage increase—including younger workers, workers with lower educational levels, and minorities—also show no negative impact of the minimum wage on employment. Numerous careful economic studies, including ones by David Card

and Alan Krueger, have shown that increasing the minimum wage has no negative effect on employment. Recent research has even suggested that higher wages can increase employment, because they increase employers' ability to attract, retain, and motivate workers. And they benefit workers by increasing the reward to work."

Furthermore, a more recent study conducted in 2010 by University of California, Berkeley, economics professor Michael Reich also concludes that the minimum wage does not lead to the short- or long-term loss of low-paying jobs. Professor Michael Reich proclaims "although increasing the minimum wage can stimulate the economy by putting more money in the pockets of those most likely to spend it on necessities, he said, suggestions to raise minimum wages typically trigger fears. These fears center around the idea that raising the minimum wage would force many employers to reduce job offerings to meet a more expensive payroll, or that a "tipping point" where the minimum wage becomes too high has already been reached."

It should also be noted that ten states, some of them conservative have increased their minimum wage this year. The ten states that saw an increase to their minimum wage include Washington, Arizona, Colorado, Florida, Missouri, Montana, Ohio, Oregon, Rhode Island, and Vermont. Even Mayor Bloomberg of New York endorsed a 2012 proposal to increase New York's minimum wage above the federal level of \$7.25 an hour proclaiming "the genius of the free market is not always perfect."

In fact, some economists such as Paul Osterman, an economics professor at MIT maintain raising the minimum wage to get more cash to the working poor is just as crucial as creating a large number of low-wage positions. He asserts "gradually raising the federal minimum wage to something close to that level (\$10 an hour) over the next few years would be an important first step to helping the working poor climb out of poverty, while injecting more money into the economy."

We hope the legislature recognizes the importance of raising the minimum wage and we strongly urge the passage of S.B. 331.

Thank you for the opportunity to testify.

Respectfully submitted,

Randy Perreira
President

hee2 - Kathleen

From: mark [mark@wataz5.com]
Sent: Tuesday, February 05, 2013 11:20 AM
To: JDLTestimony
Subject: Opposition to SB 331

I am a small business owners with 6+ employees and I oppose the proposal to increase minimum wage (SB 331) for the following reasons and it may likely result in cutting staff and increasing the already growing pool of those that are unemployed:

- Significant Increase: The \$2.00 increase from our current \$7.25 minimum wage to the \$9.25 proposed 2015 minimum wage is very steep. This would result in \$4,160 more in wages for each full-time* minimum wage employee in 2015.
- Compressed Wages: Giving the lowest paid employees in an organization raises will result in lesser experienced employees receiving the same or similar pay as more experienced workers. This will force employers to upwardly adjust wages of the experienced employees or face decreased morale.
- Inflation Adjustments Eliminates Employers' Ability to Respond to an Economic Downturn: If the minimum wage is tied to the CPI-W, employers who have previously needed to implement wage freezes due to a slowdown in the economy may be prevented from doing so in the future if the CPI-W increases almost every year, as it has recently. In addition, *annual* adjustments to the minimum wage based on the CPI-W are risky because the economy often needs to be evaluated over a longer period of time than just one year.
- Drastic Rise in Cost of Business: The minimum wage increase impacts businesses not only in direct wages, but also drastically heightens other business costs based on wage payments, such as payroll taxes (e.g., social security contributions, Medicare taxes), unemployment insurance contributions, temporary disability insurance, and workers' compensation insurance.

hee2 - Kathleen

From: mailinglist@capitol.hawaii.gov
Sent: Monday, February 04, 2013 6:34 PM
To: JDLEstimony
Cc: laluz@maui.net
Subject: Submitted testimony for SB331 on Feb 7, 2013 10:00AM

SB331

Submitted on: 2/4/2013

Testimony for JDL on Feb 7, 2013 10:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Lucienne de Naie	Individual	Support	No

Comments: Aloha Sen. Hee The working people of Maui thank you for advancing the minimum wage bill forward in your committee. So many of us depend upon jobs that are at minimum wage standards. Here in Hawaii, the costs of housing, energy and food have risen. Our minimum wage must keep pace. Mahalo for standing up for the little guy. Lucienne de Naie Huelo, Maui

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov

hee2 - Kathleen

From: mailinglist@capitol.hawaii.gov
Sent: Tuesday, February 05, 2013 11:09 AM
To: JDLTestimony
Cc: mangomitch8@hawaii.rr.com
Subject: Submitted testimony for SB331 on Feb 7, 2013 10:00AM

SB331

Submitted on: 2/5/2013

Testimony for JDL on Feb 7, 2013 10:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
mitch skaggerberg	Individual	Support	No

Comments: our young and middle aged workers need this raise to MaKE IT POSSIBLE TO MAKE ENDS MEET AND AVOID ALWAYS LIiVNG IN DEBT MAHALO FOR YOUR SUPPORT

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

Do not reply to this email. This inbox is not monitored. For assistance please email webmaster@capitol.hawaii.gov