



LATE TESTIMONY

S U S T A I N A B L E G R O W T H

February 6, 2013

Re: SB 331

To Whom It May Concern:

I am writing to express my concern and opposition to SB 331. This is the first time my company or I have written to express support or opposition to any political matter. I am the Executive Director for Pacific Quest, an organization that provides care for at-risk adolescents and young adults on the Big Island.

As an employer of approximately 135 employees this bill could very well mean the end of our company, or at the very least, mean the end of employment for a large number of individuals at my company. It has been a challenge to remain open during this difficult economy and this significant of a raise in the minimum wage would be detrimental to our ability to operate.

Pacific Quest takes great care of its employees and provides a sustainable standard of living. It is necessary for many of our employees to start at the current minimum wage and work their way to higher pay. This allows us to employ a large number of employees, which helps our local economy and our local communities. We provide more than the required PTO and vacation benefits as well as our obligations towards the required health care benefits. We provide employee wellness rewards and team building events and trainings. We do these things because we believe that it enhances our employees' quality of life and investment in our company. We do this because the current minimum wage gives us the room to support our employees in these ways.

I do not believe that this is the right time to further burden small businesses with additional expenses. I strongly believe that it will hurt our economy and lead to higher unemployment in Hawaii.

Sincerely,

Michael McKinney
Executive Director

A NEW APPROACH TO CHANGE

15 Kanoa Street, Hilo, Hawaii 96720

WWW.PACIFICQUEST.ORG

**Testimony to the Senate Committee on Judiciary and Labor
Thursday, February 7, 2013 at 10:00 A.M.
State Capitol - Conference Room 016**

RE: SENATE BILL NO. 331 PROPOSED SD 1 RELATING TO LABOR

Chair Hee, Vice Chair Shimabukuro, and members of the committee:

The Chamber of Commerce of Hawaii ("The Chamber") **opposes SB 331, Proposed SD 1 Relating to Labor.**

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber opposes the bill which raises the minimum wage on July 1, 2013 from \$7.25 per hour to \$8.25 per hour, again on July 1, 2014 to \$8.75 per hour and again on July 1, 2015 to 9.25 per hour. This is a huge increase for business at a time when the economic recovery for many industries and businesses is still fragile.

While only a small percentage of workers make minimum wage, this will greatly impact many businesses as they will be forced to raise the rates of many of their employees. As an example, if John started with the company 2 years ago and earns \$8.50 per hour and Lisa just started and is under the new law at \$8.25 per hour, the employer will have to raise John's hourly to compensate for those at the lower part of the pay scale being increased. This could increase businesses labor cost by up to 15% in the first year alone. Furthermore, with the final increase in 2015 to \$9.25 per hour, you will likely be **increasing a business's labor cost by almost 30% in a span of 2 years.**

Also, workers' compensation, Social Security tax, Medicare tax, temporary disability insurance and unemployment insurance tax are all based on wage. This bill will not only increase businesses' direct labor costs but will also **increase their mandated benefits costs and taxes.**

We also oppose the automatic increase in the minimum wage tied to the consumer price index. We believe that this does not take into account the economic conditions of business and the employment situation. This escalator could lead to **a minimum wage in 10 years of \$11.50 per hour.** This rate is unsustainable. Furthermore, we disagree with the premise stated in the bill that raising the minimum wage will help solve a 13.7% unemployed and underemployed rate. We believe it will only make matters worse.

We would also like to point out that the minimum wage is a floor wage. For many employees, it is their first job and they are entry level positions. Employers must invest time and money to train these individuals. Also in the food and beverage industry, there are many at this wage who earn tips which allow them to earn anywhere from \$18-30 per hour.

Lastly, many businesses have faced uncontrollable increased costs in their prepaid healthcare premiums which have gone up an average of 7-10% each year. This benefit is almost entirely paid for by small business. With this increase in the minimum wage many businesses may have to cut back hours or possibly lay off employees.

Thank you for this opportunity to express our views.

The Pacific Resource
PARTNERSHIP



Testimony of Cindy McMillan
The Pacific Resource Partnership

Senate Committee on Judicial and Labor
Senator Clayton Hee, Chair
Senator Maile S.L. Shimabukuro, Vice Chair

SB 331, Proposed SD 1 – RELATING TO LABOR
Thursday, February 7, 2013
10:00 a.m.
State Capitol - Conference Room 016

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

The Pacific Resource Partnership (PRP) is a labor-management consortium representing over 240 signatory contractors and the Hawaii Regional Council of Carpenters.

PRP supports SB 331, Proposed SD 1, Relating to Labor, which increases minimum wage in increments; \$8.25 starting 07/01/13, \$8.75 starting 07/01/14, and \$9.25 starting 07/01/15 and ending 06/30/16. This measure authorizes the Department of Labor and Industrial Relations to adjust the minimum hourly wage thereafter in accord with the consumer priced index.

The minimum wage has gone unchanged since 2007. Hawaii's high cost of living is unlike anywhere else in the U.S. People work more than one job to pay the high cost of transportation and housing and to make ends meet. We owe it to our working families to increase wages to keep up with inflation.

For these reasons, we respectfully ask for your support on SB 331, Proposed SD 1. Thank you for the opportunity to share our views on this important initiative with you.



House of Representatives
Twenty-Seventh Legislature, 2013
State of Hawai'i

TO: Honorable Clayton Hee, Chair
Honorable Maile Shimabukuro, Vice Chair
Members of the Committee on Judiciary & Labor

DATE: Thursday, February 7, 2013
TIME: 10:00 AM
PLACE: Conference Room 016
Hawai'i State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

FROM: National Federation of Independent Business (NFIB) Hawai'i

RE: SENATE BILL 331, RELATING TO LABOR

Chair Hee, Vice Chair Shimabukuro, and members of the Committee,

Thank you for the opportunity to testify in opposition of SB 331. NFIB Hawai'i respectfully opposes this measure.

Mandatory wage increases hurt not only small businesses, but their employees as well. Most minimum-wage jobs are offered by small businesses. The overwhelming majority of economists continue to affirm the negative impact of mandatory wage increases on jobs. Mandatory minimum-wage increases end up reducing employment levels for those people with the lowest skills.

The National Federation of Independent Business is the largest advocacy organization representing small and independent businesses in Washington, D.C., and all 50 state capitals. In Hawaii, NFIB represents more than 1,000 members. NFIB's purpose is to impact public policy at the state and federal level and be a key business resource for small and independent business in America. NFIB also provides timely information designed to help small businesses succeed.

People
Serving
People



Hawaii Restaurant Association

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www.RestaurantHI.com

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hra@RestaurantHI.com

LATE TESTIMONY

Submitted in Opposition to SB331

February 6, 2013

As a whole the members of the Hawaii Restaurant Association understand and support the concept of a minimum wage.

However, as proposed, the hike is too much, too soon. It would be easier for businesses to financially manage such increases if they were more frequent, but smaller.

Additionally, we feel that any wage initiative with increases based on the Consumer Price Index is flawed. The elements of the CPI are typically "big ticket" items that do not accurately reflect the realities of the Hawaii economy.

Respectfully submitted,

A handwritten signature in black ink that reads "Roger Morey". The signature is written in a cursive, flowing style.

Roger Morey
Executive Director

Twenty-Seventh Legislature
Regular Session of 2013

THE SENATE
Committee on Judiciary and Labor
Senator Clayton Hee, Chair
Senator Maile S.L. Shimabukuro, Vice Chair
State Capitol, Conference Room 016
Thursday, February 7, 2013; 10:00 a.m.

STATEMENT OF THE ILWU LOCAL 142 ON S.B. 331, PROPOSED SD1 RELATING TO LABOR

The ILWU Local 142 strongly supports S.B. 331, proposed SD1, which increases the minimum wage to \$8.25 starting 7/1/13, \$8.75 starting 7/1/14, \$9.25 starting 7/1/15, per hour, and adjusted in accordance with the Consumer Price Index starting 7/1/16.

The minimum wage was last increased in Hawaii on January 1, 2007, more than six years ago. During that time, Hawaii's cost of living continued to climb, making it among the highest in the nation. The high cost of food, housing, and health care has forced many working poor to turn to public and private resources for assistance.

While Hawaii's minimum wage has languished at \$7.25 an hour, other states and jurisdictions have increased their minimum far beyond ours. Oregon's minimum is currently at \$8.95 and adjusts annually for inflation. Washington's minimum wage is \$9.19 and also adjusts annually. The minimum wage in San Francisco is \$10.55, the highest in the country, and is also tied to the Consumer Price Index and adjusts annually.

The opposition will pose the argument that increasing the minimum is a job killer. They will say that the increase will force employers, particularly small ones, to lay off employees to pay the increase. We respectfully reject this argument as shibai. This very argument has been raised each and every time an increase was proposed, yet there have been no mass layoffs as a result of the increases. We do not expect layoffs if the minimum is raised now, simply because employers consider their business needs in determining staffing needs, not how much the minimum wage is.

The provision in the bill to adjust the minimum wage annually based on the consumer price index is a sound proposal that will keep politics out of the equation. If the minimum is automatically increased, political wrangling over the issue will be eliminated, the lowest wage earners will be assured of wages to help keep them out of poverty, and Hawaii's economy will be on a firmer footing.

Minimum wage earners spend every dollar they earn. If they manage to work two or more minimum wage jobs, maybe they can save some money. But in general, minimum wage earners plow their earnings back into Hawaii's economy and help to keep employers—both big and small—in business.

The ILWU strongly urges passage of S.B. 331, proposed SD1. Thank you for the opportunity to share our views and concerns.



American Income Life Insurance Company

Daryl Barnett
Director, Labor Relations

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

Mr. Chairman, Members of the committee, thank you for providing American Income Life Insurance Company with the opportunity to comment on State Bill No. 331, "Minimum Wage: Employment".

Between American Income Life Insurance Company (AIL), and National Income Life Insurance Company (NILCO), and Union Heritage Life Insurance, we are licensed in four countries, the United States of America, New Zealand, Ireland and Canada. We currently have over 4000 unionized representatives and employees internationally, which includes our representatives in the state of Hawaii. Our headquarters for the company is located in the United States of America.

In the State of Hawaii, American Income Life (AIL) has offices with approximately 80 representatives and employees of AIL all who work on all Islands. As a company, we are pleased to be able to provide career opportunities to local residents. As a company we contribute to the State of Hawaii and the community through the payment of taxes. We are a community minded organization, and contribute to many activities in the community.

Today more than ever, we need to protect workers as well as the long-term economic interest of American business. It is only logical for businesses to support policies that create a robust middle class, spur economic growth, and create shared prosperity. This type of legislative amendment is good for workers, and ultimately, that is good for our economy.

Raising the minimum wage is good for Hawaiian families; in particular raising the minimum wage would be benefit women as they are amongst the lowest paid. We submit that raising the minimum wage is a family friendly policy. We also submit, minimum wage would enable families the ability to make choices.

Working families would be able to participate more readily in community activities, they no longer would have to work three and four jobs in order to have sufficient income for a family. As a result of payroll increases income tax revenues would rise and this in turn would drive down the federal deficit.

Raising minimum wage is good for the Hawaii's economy it provides workers with money, which will be used to purchase goods and invest in local products. We believe that increasing minimum wage is not only good for families but is good for the state of Hawaii. State benefits would cost less and there would be less need for income support.

Some employers may argue that raising the minimum wage is bad for business; we disagree.

At American Income Life, our perspective and experience lead us to a different reaction. When workers make a decent wage, they become a better customer. When we have a larger base of customers who can afford our insurance, we prosper and grow. When we prosper and grow, we hire more agents to sell more products, and increase our staff to service our policyholders. When we have more agents, more employees, and more customers sharing in a piece of the economic pie, we have stronger communities. A fairer process of income distribution is in our view created with minimum wages. Low wages is a major cause of poverty and social inequity. It is simple: employers should be capable of providing their employees with a fair days wages.

Putting aside any moral imperative that in reality it would require \$10.25 an hour from a family of four to tiptoe beyond poverty, or the criminality that women already earn 20% less than men, an employer who can't afford to pay \$8.25 an hour, most likely won't stay in business. The reality is depressed wages, depress the overall community. Putting more money into more people's pockets benefits both business and workers.

The answer to this question - " what is a fair wage " will most likely always differ, based on whether you are paying or receiving the wage. This common sense increase to the minimum wage is a first step in resolving what is best for the whole community. This increase moves us in the right direction to creating a sustainable economy.

We say YES to increasing the Minimum Wage.

Thank you

A handwritten signature in black ink that reads "Daryl Barnett." The signature is fluid and cursive, with a long horizontal stroke extending to the right.

Daryl Barnett
Director labor Public Relations
American Income Life.
db/UFCW

State Bill No.331

February 6th, 2013

Presentation to the
Committee on labor &
Public Employment

Presented by American
Income Life

Daryl Barnett

Director Labor Relations

1701 K. N.W. Washington, D.C.

USA 20006



LATE TESTIMONY

Eric Gill, Financial Secretary-Treasurer

Hernando Ramos Tan, President

Godfrey Maeshiro, Senior Vice-President

Wednesday, February 06, 2013

The Honorable Clayton Hee - Chair and Committee Members
Hawaii State Legislature
Senate Committee on Judiciary and Labor
State Capitol
415 S. Beretania Street

RE: SB 331, relating to minimum wage

Chair Hee, Vice-Chair Shimabukuro, and members of the Senate Committee on Judiciary and Labor:

UNITE HERE Local 5, a local labor organization representing nearly 10,000 hotel, health care and food service workers employed throughout our State, hereby registers our support for Senate Bill 331, relating to minimum wage.

SB 331 would increase the minimum wage to \$8.25 starting in July of 2013 and \$8.75 beginning in 2014 with periodic adjustments thereafter in accord with the consumer priced index.

As an organization representing workers in the health care and hospitality industries – two of Hawaii’s most important – we understand first-hand the important role raising Hawaii’s minimum wage can play in helping to boost Hawaii’s economic recovery.

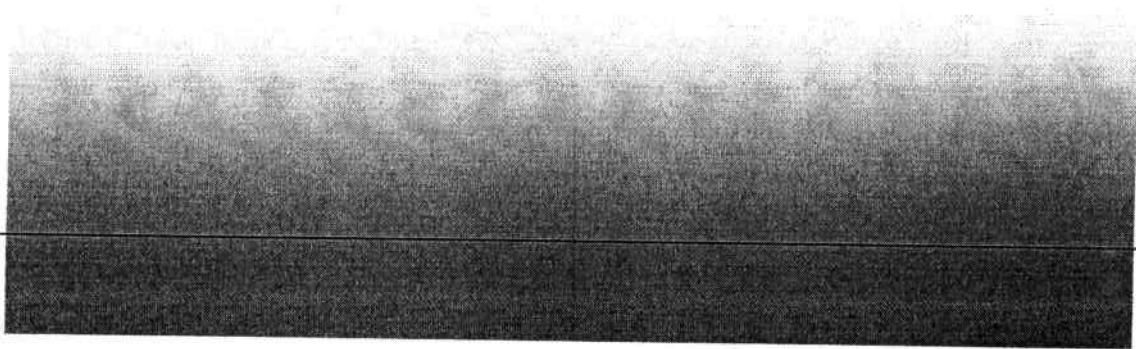
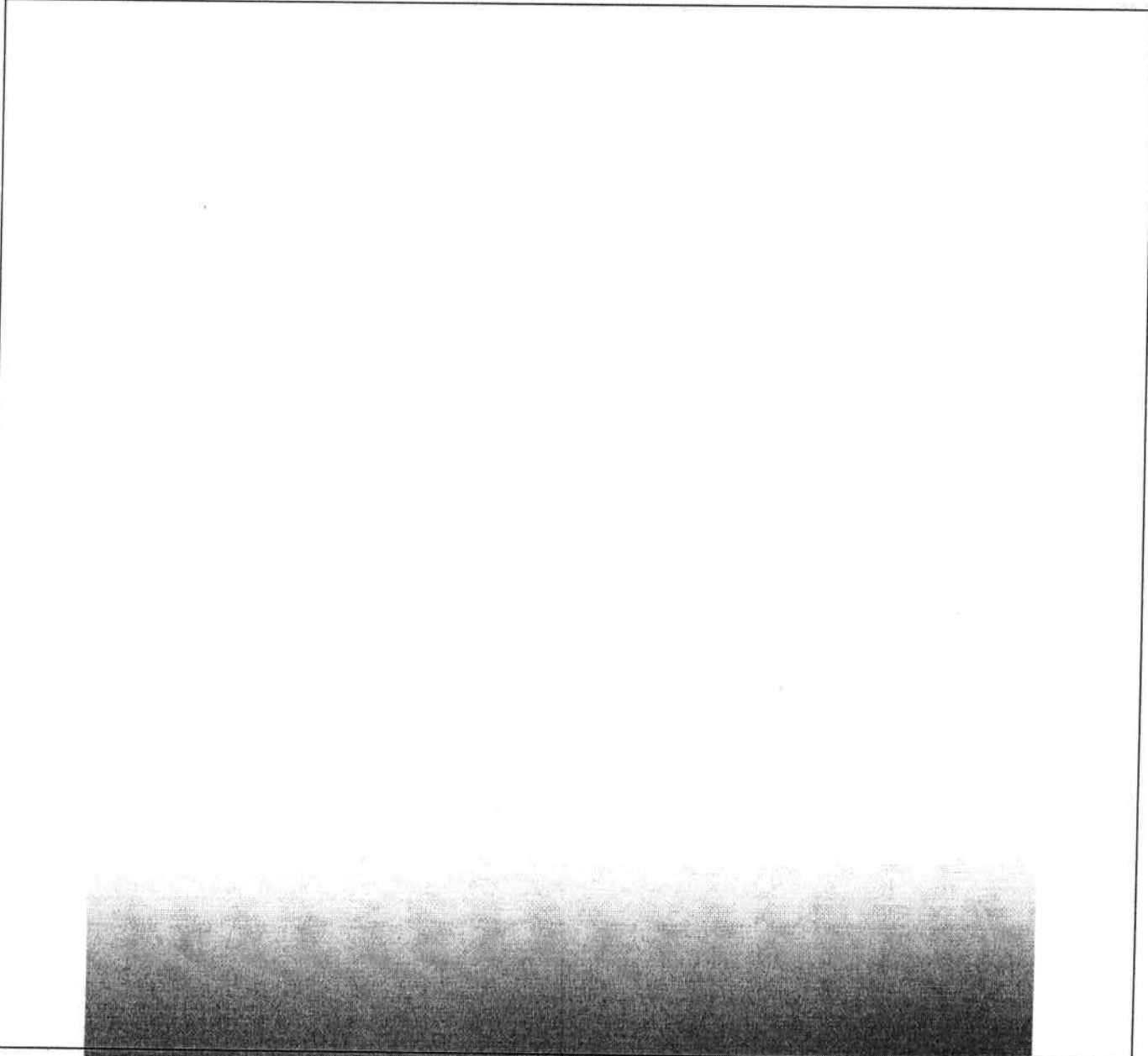
As the standard quality of life for ordinary working people in our islands continue to deteriorate, Hawaii’s economic future and our ability as a community to secure good jobs for our local people remain one of our greatest concerns. Our state has the highest cost of living in the nation and the lowest average adjusted income. Fifty-six percent of renters – many of whom are hourly wage earners – pay 30 percent or more of their income towards rent, fourth highest in the nation; and in a 2011 report by the DBEDT – between 1980 and 2010 – Hawaii’s real average wage grew at a rate nearly 13 percentage points below that of the national average.

Our people are being pushed off our islands while so many of us can’t afford homes, and more and more of our local jobs go to mainland companies while locals struggle to earn a living wage. Added to all of this, we haven’t seen an increase in our State’s minimum wage for more than half a decade. It is our belief that Hawaii can be a place where good jobs are readily available and that is why we helped launch a new movement called AiKea. AiKea is a movement that seeks to restore the confidence of Hawaii’s working people to reclaim Hawaii for our future.

We thank you for hearing SB 331 and would urge the committee to pass the measure with one amendment, eliminate Subsection “b” of Section 1 that currently allows employers to pay below the minimum hourly wage by instituting a “tip credit.” Thank you.

TESTIMONY TRANSMITTAL COVER

To:	Senate Committee on Judiciary and Labor	Date	02/02/2013
From:	Winton G. Schoneman	808.383.6632	
Re:	SB331	Hearing Date:	Thursday, February 07, 2013
Page(s):	3	Time:	10:00 AM



Senator Clayton Hee, Chair
Senator Maile S. L. Shimabukuro, Vice-Chair

Winton G. Schoneman, 486-9269 (H)

Monday, February 4, 2013

In **STRONG OPPOSITION** to SB331 Relating to the Minimum Hourly Wage

Distinguished members of the Senate Judiciary and Labor Committee, I ask that you accept my written testimony in **OPPOSITION** to Senate Bill 331 Relating to the Minimum Hourly Wage. By way of introduction, I am a small business owner in East Oahu and was the 2011 Jean Fukuda Civic Leadership Award winner. I provide entry level employment to your sons and daughters and have been doing so for close to 20 years.

In the narrative of the proposed legislation several facts and conclusions are noted:

1. Nineteen states have higher minimum wage levels than Hawaii.
2. 10 States index their minimum wage to the Consumer Price Index.
3. 17.4% of Hawaii's population live below the poverty level and the last time the minimum wage was increased was 2007.
4. Increasing the minimum wage will stimulate the economy.

Here are some other facts and comments that may have bearing on your decision:

1. Hawaii has approximately 321,000 hourly wage earners of which only 15,000 statewide earn at or below the minimum wage and of these 15,000 half are under the age of twenty four and 25% are under the age of twenty. Minimum wage workers are typically young entry level employees. Further, minimum wage earners tend to be single.*
2. Of the 19 listed states that have a higher minimum wage than the federal minimum wage only two, Montana and Vermont, have a lower percentage of hourly workers earning the minimum wage than does Hawaii. From this I conclude that having a higher minimum wage does not necessarily correlate to a reduction in the number of minimum wage employees; on the contrary, you may end up with a higher proportion of employees making minimum wage as employers spread out the higher cost of doing business.*
3. 60% of all minimum wage workers are employed in the service industry; primarily, food and beverage businesses. Minimum wage does not take into account the tips of service employees. The food and beverage industry has one of the highest costs of doing business; typically relying on renting space, purchasing from wholesale vendors and continual promotions to generate business.*
4. While the narrative of the bill concludes that increasing the minimum wage will stimulate the economy because minimum wage employees spend virtually all of their earnings, I would like to

point out that this is not necessarily true. I will use myself as a case in point. Last year I had 8 part time employees going to the University of Hawaii or local high schools. I believe that my prices are at a tipping point where any increase will result in an erosion of my customer base and reduction in my net. An increase in minimum wage will have to come from somewhere because it not only includes the base increase but an increase in work comp insurance, disability insurance, social security, etc. What choices will I have...we will start with reducing the amount I donate to the local community, then my work force and my income. I could make it untenable to continue in business although it is something I enjoy. Further, it seems very unlikely that giving 15,000 workers a pay raise will do much to stimulate the economy unless there is an expectation that there will be a corresponding increase in the hourly pay of all hourly wage earners. This places an undue burden on small mom and pop businesses and is likely to drive many out of business or further exacerbate the problems created by our underground economy.

5. Coupling the minimum wage to the CPI-W has not cured poverty nor statistically reduced it...recent Census Bureau Data indicates that Colorado and Florida have a higher incidence of poverty than the national average. Missouri, Montana, Ohio and Vermont (along with 22 other states) have a lower incidence. There is no correlation between poverty relief and attaching the CPI to an annual minimum wage analysis.**
6. One question I would have...what happens when the CPI contracts? Do we lower the minimum wage?

There seems to be a consensus that something must be done to support a wage base for the families that are at the lower end of the wage scale and are caught by the high cost of living in Hawaii. An idea might be to create a "living wage" law separate from the "minimum wage" where employees that are "vested" (similar to vesting in a sponsored retirement plan) in a business is ensured a living wage. Specifically, if you have worked for a business for three consecutive years and are over the age of eighteen you are entitled to be paid a "living wage".

Thank you,

Winton Schoneman

*United States Department of Labor, Bureau of Labor Statistics, Characteristics of Minimum Wage Workers: 2011

**United States Census Bureau, Poverty- People and Households, Nov. 2012