

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

February 26, 2014

MEMORANDUM

TO: The Honorable David Y. Ige, Chair
Senate Committee on Ways and Means

FROM: Barbara Yamashita, Deputy Director

SUBJECT: **S.B. 2609 - RELATING TO MINIMUM WAGE**

Hearing: Wednesday, February 26, 2014; 10:30 a.m.
Conference Room 211, State Capitol

PURPOSE: The purpose of the measure is to increase the minimum wage to \$8.20 starting 01/01/15, \$9.15 starting 01/01/16, and \$10.10 starting 01/01/17; repeals the tip credit; and authorizes the Department of Labor and Industrial Relations to adjust the minimum hourly wage based on the Honolulu region consumer price index.

DEPARTMENT'S POSITION: The Department of Human Services (DHS) strongly supports increasing the minimum wage in Hawaii.

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.

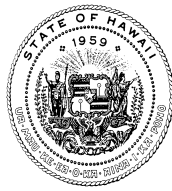
Raising the minimum wage is good for Hawaii's families and good for Hawaii's economy. Money in the pockets of working people will be spent to make ends meet, boosting our economy and creating jobs in our communities. According to the Federal Reserve Bank of Chicago, every \$1.00 in wage increases for 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.

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



STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813
<http://labor.hawaii.gov>

February 26, 2014

To: The Honorable David Y. Ige, Chair,
The Honorable Michelle N. Kidani, Vice Chair, and
Members of the Senate Committee on Ways and Means

Date: Wednesday, February 26, 2014
Time: 10:35 a.m.
Place: Conference Room 211, State Capitol

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

Re: SB2609 RELATING TO MINIMUM WAGE

I. OVERVIEW OF PROPOSED LEGISLATION

The purpose of the proposal is to raise the minimum wage to further the economic recovery of Hawaii and lift Hawaii's working poor out of poverty. 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.

The department strongly supports an increase in the minimum wage and supports indexing the minimum wage to preserve the purchasing power of minimum wage workers. DLIR notes that the last four times that the minimum wage was increased the number of jobs increased by an average of 2.2% after twelve months while the other costs to businesses (Prepaid Health Care, Workers' Compensation Insurance, etc.) were present then as they are now.

President Obama recently addressed the issue of rising inequality and declining mobility in the United States in advocating for an increase in the federal minimum wage:

"It was Adam Smith, the father of free-market economics, who once said, "They who feed, clothe, and lodge the whole body of the people should have such a share of the produce of their own labor as to be themselves tolerably well fed, clothed, and lodged. And for those of you who don't speak old-English let me translate. It means if you work hard, you should make a decent living. If you work hard, you should be able to support a family."

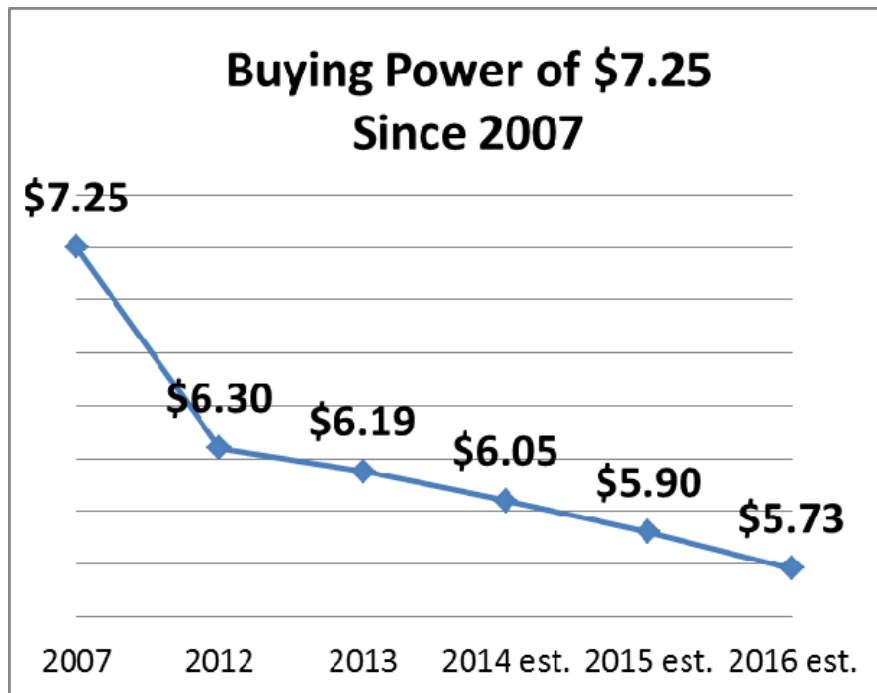
"Now, we all know the arguments that have been used against a higher minimum wage. Some say it actually hurts low-wage workers -- businesses will be less likely to hire them. But there's no solid evidence that a higher minimum wage costs jobs, and research shows it raises incomes for low-wage workers and boosts short-term economic growth."

II. CURRENT LAW

The Hawaii Wage and Hour Law (chapter 387, HRS) was established to safeguard minimum wage and maximum hour standards to maintain the health, efficiency and general well-being of workers. The current minimum wage is \$7.25 and was effective January 1, 2007. Employers are allowed to claim a tip credit of 25 cents an hour for tipped employees, i.e. pay them below the minimum wage at \$7.00 an hour, provided the tipped employee receives 50 cents in tips.

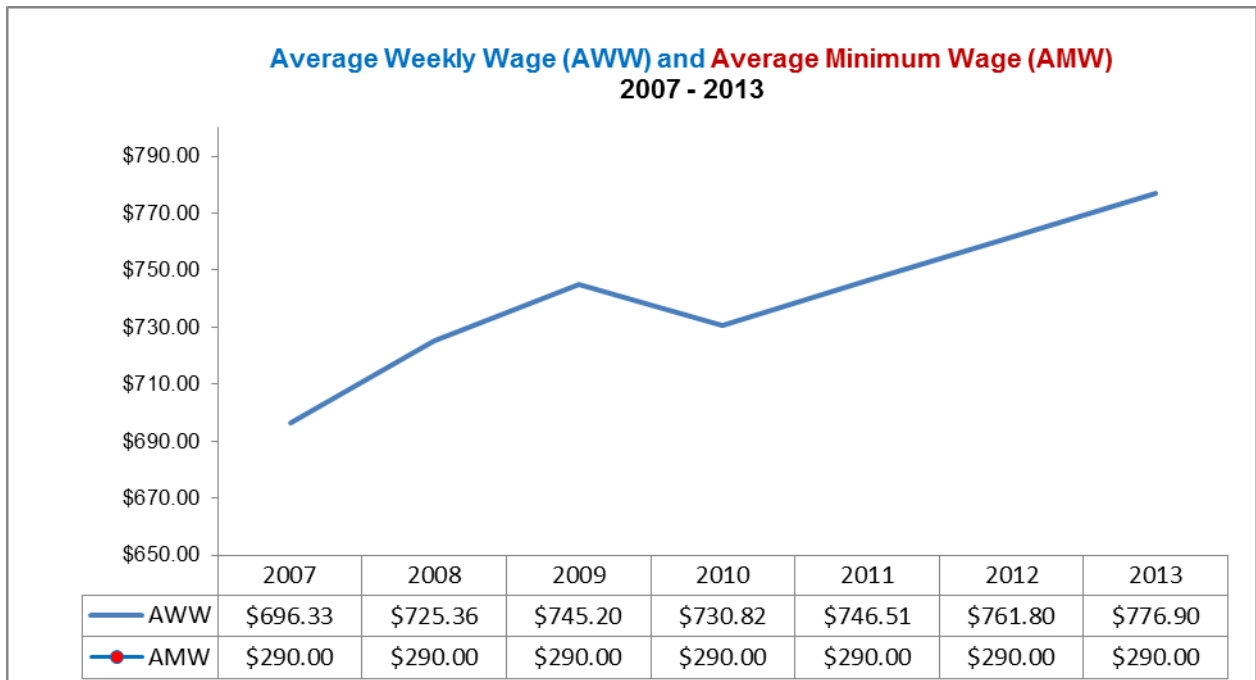
III. COMMENTS ON THE HOUSE BILL

Hawaii's minimum wage earners are going into their **8th year** without a raise while everybody else is moving forward—the average annual salary has **increased \$4,200 since 2007 but 0** for minimum wage workers¹. Adjusting the current \$7.25 minimum wage for inflation since the last time the minimum wage was raised in 2007, a worker would have to be paid **\$8.68** an hour to match the buying power of 2007.²



¹ Research & Statistics Office (R&S), DLIR

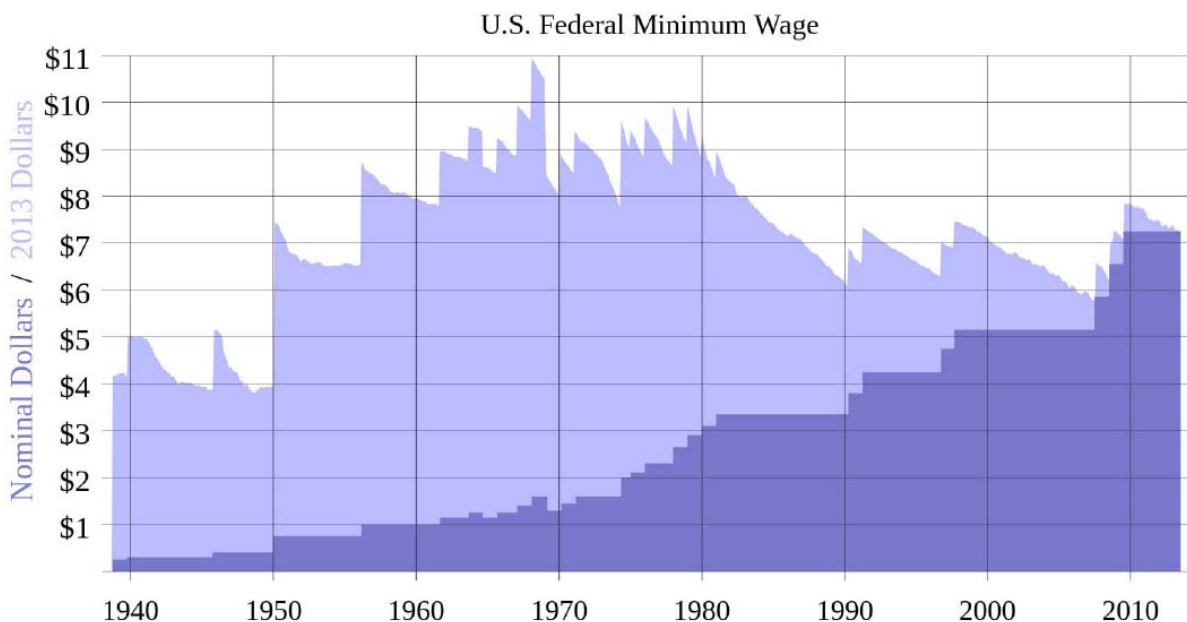
² R&S, DLIR, based on the most recent Consumer Price Index and using the Department of Business Economic Development and Tourism's (DBEDT) CPI-U forecast for 2013 to 2016



Data and chart by Research & Statistics, DLIR

The average weekly earnings **have increased 12%** since 2007 but **0% for minimum wage workers**.³

Historically, the federal minimum wage was higher than \$7.25 an hour in 2013 dollars for most of the last 60 years.⁴

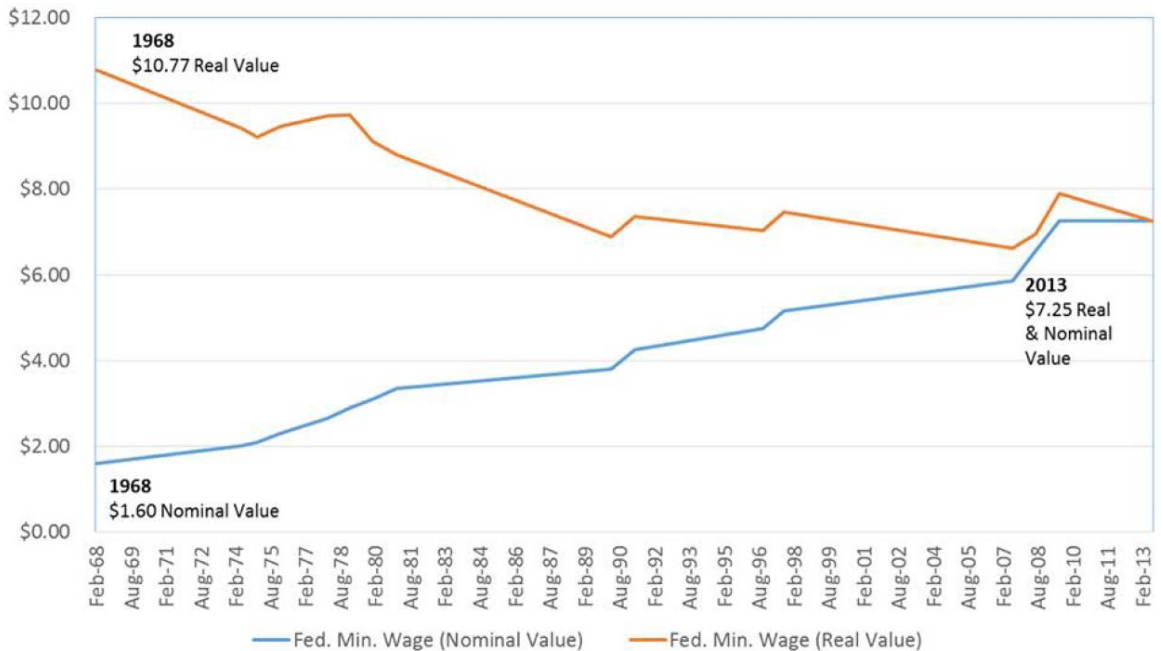


³ R&S, DLIR

⁴ Nominal Wages: Department of Labor CPI Bureau of Labor Statistics

In fact, the minimum wage in 1968 was **\$10.77 in 2013 dollars**.

Value of the Minimum Wage Over Time (1968-2013)



Source: Congressional Research Service, September 2013

Prepared by PHOCUSED (Protecting Hawaii's Ohana, Children, Under-Served, Elderly & Disabled)

Minimum Wage is higher in 21 states and D.C. despite higher cost of living in Hawaii⁵

The following twenty-two states or jurisdictions have a higher minimum wage than Hawaii as of January 1 2014; thirteen of these states index their minimum wage to inflation so that the real value of the minimum wage does not fall every year.

- \$9.32 Washington*
- \$9.10 Oregon*
- \$8.73 Vermont*
- \$8.70 Connecticut*,
- \$8.25 District of Columbia*, Nevada*, Illinois, New Jersey
- \$8.00 California, Colorado*, New York, Massachusetts*, Rhode Island,
- \$7.95 Ohio*
- \$7.93 Florida*
- \$7.90 Arizona*, Montana*
- \$7.75 Alaska,
- \$7.50 Maine*, Missouri, New Mexico
- \$7.40 Michigan

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

⁵ Wage and Hour Division, U.S. Dept. of Labor (DOL)

Give Hawaii's minimum wage earners more buying power

Minimum wage workers are critical to our economy, but are falling further and further behind in their ability to make ends meet and this is contributing to our homelessness problem. This proposal will improve the quality of life for current minimum wage workers by giving the working poor more purchasing power.

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 working poor benefiting from this increase will have more disposable income to spend, which in turn will generate economic activity.

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 and using the Department of Business Economic Development and Tourism's (DBEDT) CPI-U forecast for 2013 to 2016, 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 \$5.73 in 2016.⁴

The low minimum wage is exacerbated by the high cost of living in Hawaii. In research generated by the Missouri Economic Resource and Information Center on the cost of living, Hawaii continues to have the highest cost of living as of the third quarter 2013. (http://www.missourieconomy.org/indicators/cost_of_living/index.stm)

Washington's minimum wage: \$9.32 **29% higher** Cost of Living: **55% lower**

Nevada's minimum wage: \$8.25 **14% higher** Cost of living: **64% lower**

Oregon's minimum wage: \$9.10 **26% higher** Cost of living: **49% lower**

A few comparative statistics with Western states helps to bring this disparity into focus: in Nevada where the minimum wage is **one dollar higher** than Hawaii at \$8.25, the cost of groceries is **40% lower** and in Washington State where the minimum wage is **more than two dollars** higher than Hawaii at \$9.32, the cost of housing is **50% lower** than in Hawaii.

By increasing the minimum wage and providing a mechanism for it to keep up with the cost of inflation, the purchasing power of minimum wage workers will be preserved while providing employers with predictable, smaller increases in the minimum wage over time.

⁴ R&S, DLIR, based on the most recent Consumer Price Index and using the Department of Business Economic Development and Tourism's (DBEDT) CPI-U forecast for 2013 to 2016

Raising the Minimum Wage Will Help Lift the Working Poor out of Poverty

2014 Federal Poverty Guidelines for Hawaii

Family Size	100%	150%	200%	300%
1	\$13,420	\$20,130	\$26,840	\$40,260
2	\$18,090	\$27,135	\$36,180	\$54,270
3	\$22,760	\$34,140	\$45,520	\$68,280
4	\$27,430	\$41,145	\$54,860	\$82,290
5	\$32,100	\$48,150	\$64,200	\$96,300
6	\$36,770	\$55,155	\$73,540	\$110,310
7	\$41,440	\$62,160	\$82,880	\$124,320
8	\$46,110	\$69,165	\$92,220	\$138,330

A single parent of one child working at minimum wage 40 hours per week, 52 weeks per year, earns **\$2,770 or 16% below** the federal poverty guidelines for a family of two. Hawaii's poverty rate of **17.3%** makes **Hawaii the 9th poorest** in the nation according to the U.S. Census Bureau.⁷

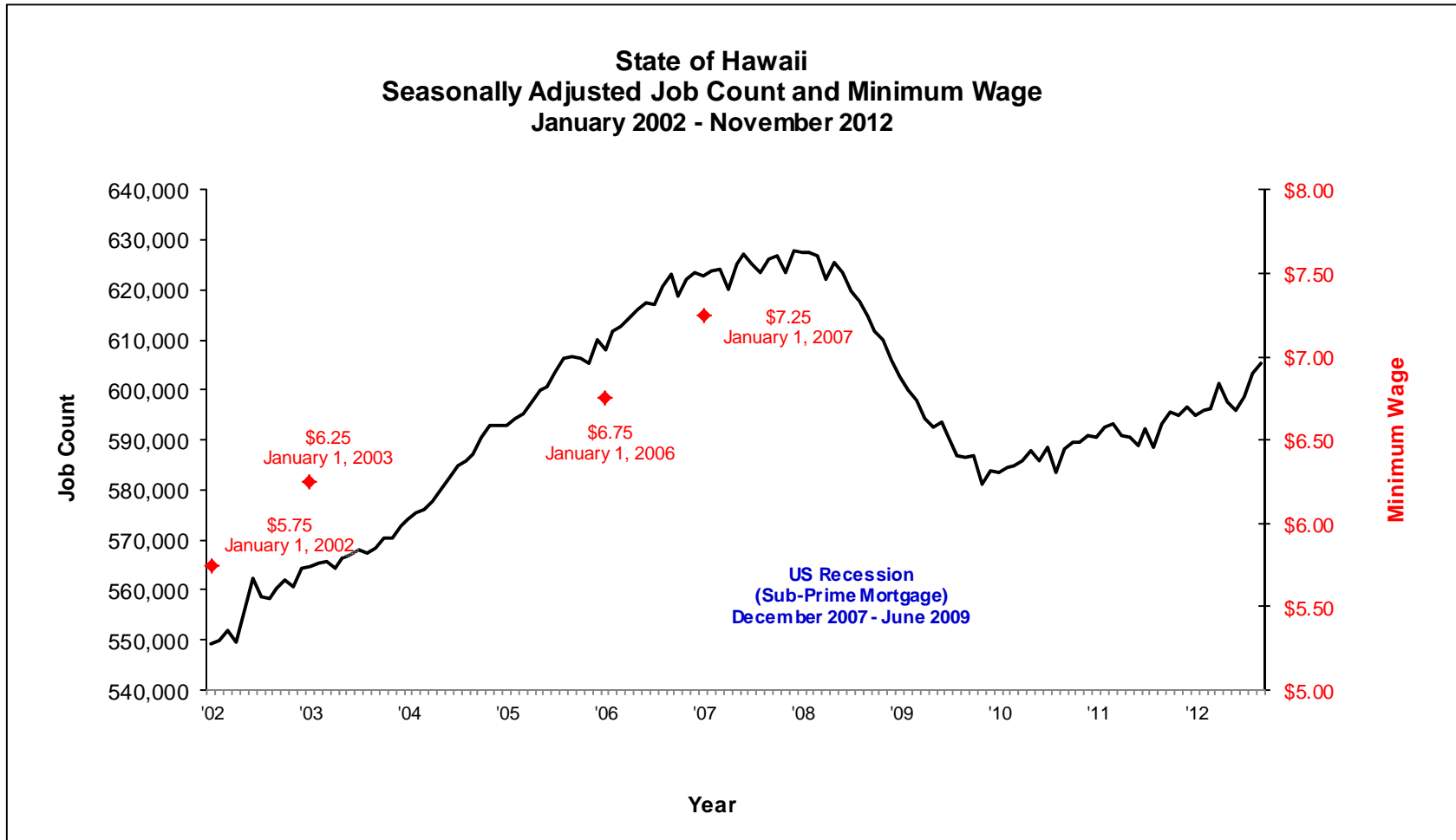
If the minimum wage was increased to \$8.20 an hour in January 2015, a single parent of one child working at minimum wage 40 hours per week, 52 weeks per year would still fall **\$1,034 below the 2014** federal poverty guidelines for Hawaii.

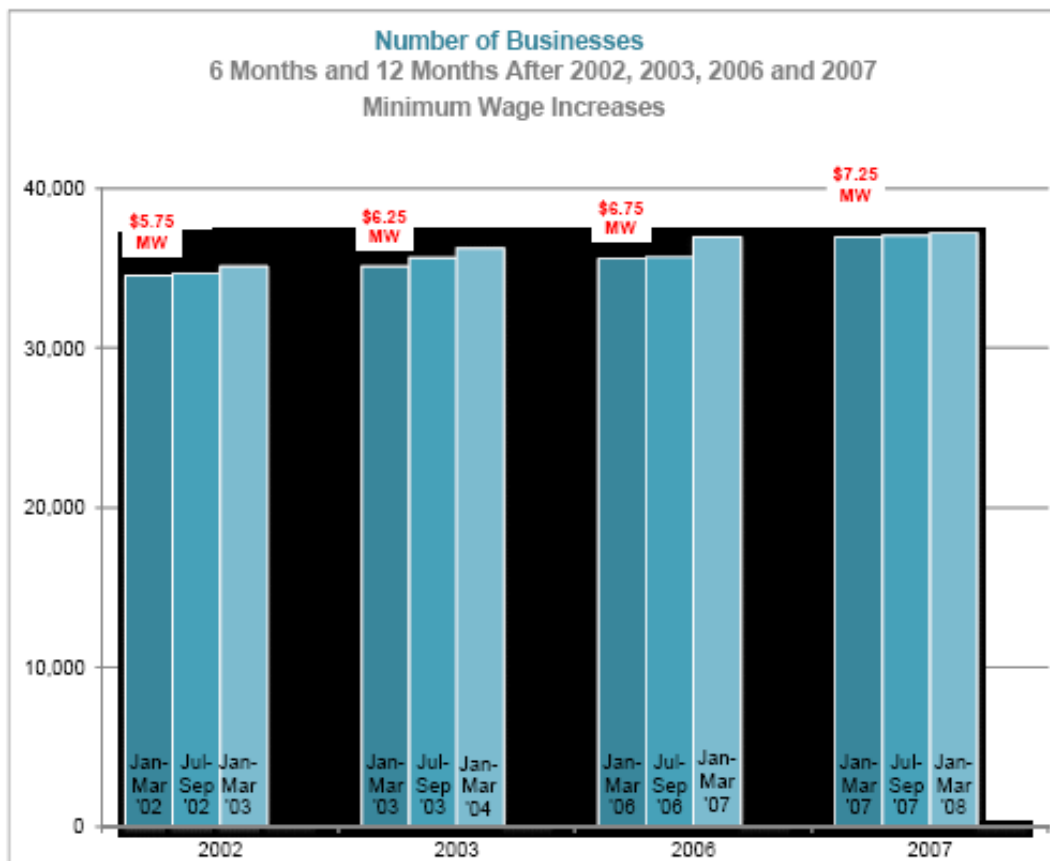
20% or 22,000 of Hawaii's children under six live in low-income working families. Research of early childhood development has found that income insecurity negatively affects three key aspects of brain development – positive relationships, learning resources, and high stress. A 2011 study suggests that a \$1,000 increase in household income raises combined math and reading test scores by up to 6%.⁸

Who are Minimum Wage Workers?

- ✓ **85%** of minimum wage earners are 21 and older.
- ✓ **84%** of minimum wage earners work 20+ hrs/week and 30% work 35+ hrs/week.⁹

⁷ U.S. Census Bureau, Current Population Reports, Supplemental Poverty Measure: 2012
⁸ The Impact of Family Income on Child Achievement: Evidence from the Earned Income Tax Credit, American Economic Review, 2012.
⁹ U.S. Census Bureau; Current Population Survey Basic Micro Data Set, <http://dataferrett.census.gov>, data extracted by Lawrence W. Boyd Ph.D., Center for Labor Education and Research, University of Hawaii at West Oahu. Hawaii 2012 data





When minimum wage increased to \$5.75, the number of business changed:

- Jan-Mar'02 to Jul Sep'02 from 34,550 to 34,650, **increased by 100 or .03%**
- Jan-Mar '02 to Jan-Mar '03 from 34,550 to 35,100, **increased by 550 or 1.6%**

When minimum wage increased to \$6.25, the number of business changed:

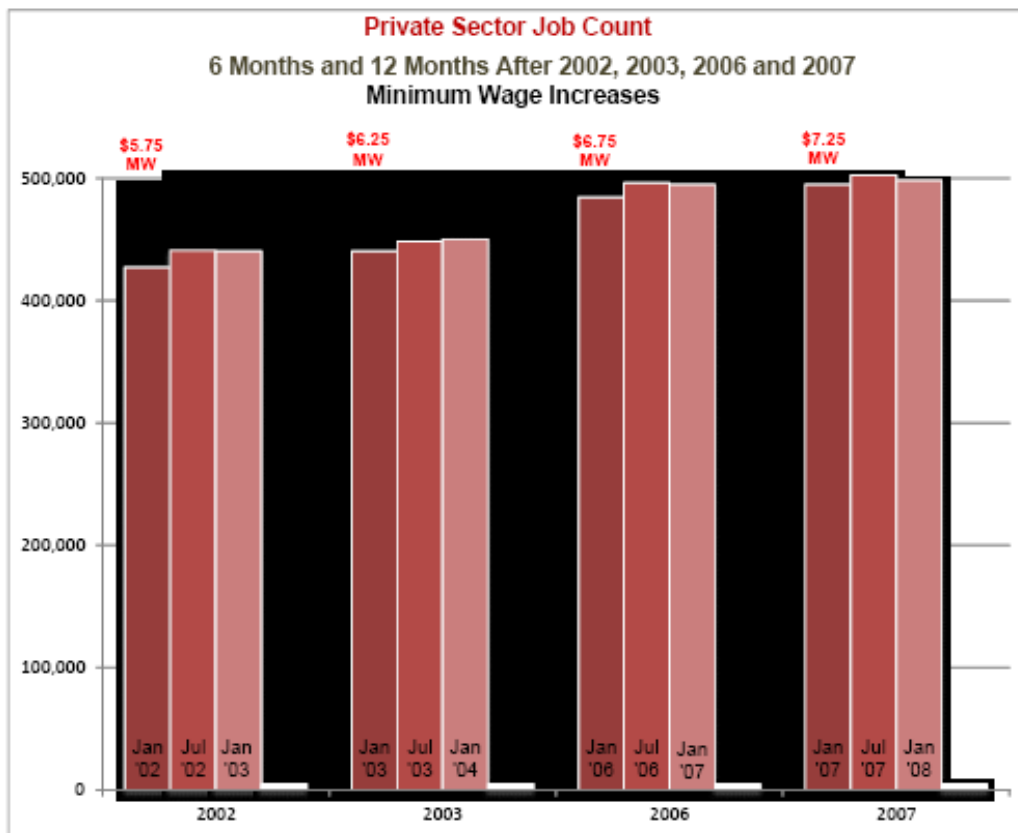
- Jan-Mar '03 to Jul-Sep '03 from 35,100 to 35,650, **increased by 550 or 1.6%**
- Jan-Mar '03 to Jan-Mar '04 from 35,100 to 36,250, **increased by 1,150 or 3.3%**

When minimum wage increased to \$6.75, the number of business changed:

- Jan-Mar '06 to Jul-Sep '06 from 35,600 to 35,700, **increased by 100 or 0.3%**
- Jan-Mar '06 to Jan-Mar '07 from 35,600 to 36,950, **increased by 1,350 or 3.8%**

When minimum wage increased to \$7.25, the number of business changed:

- Jan-Mar '07 to Jul-Sep '07 from 36,950 to 37,050, **increased by 100 or 0.3%**
- Jan-Mar '07 to Jan-Mar '08 from 36,950 to 37,200, **increased by 250 or 0.7%**



When minimum wage increased to \$5.75, the job count increased:

- Jan '02 to Jul '02 from 427,400 to 441,200, **increased by 13,800 or 3.2%**
- Jan '02 to Jan '03 from 427,400 to 440,700, **increased by 13,300 or 3.1%**

When minimum wage increased to \$6.25, the job count increased:

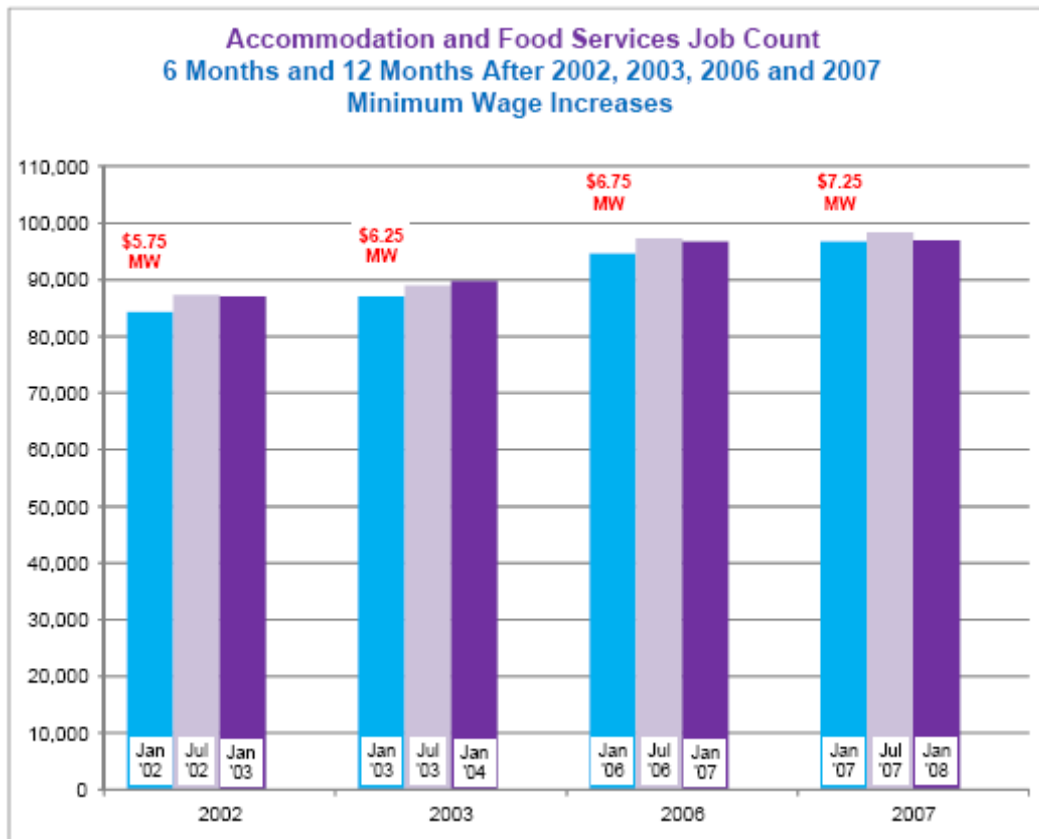
- Jan '03 to Jul '03 from 440,700 to 448,400, **increased by 7,700 or 1.7%**
- Jan '03 to Jan '04 from 440,700 to 450,500, **increased by 9,800 or 2.2%**

When minimum wage increased to \$6.75, the job count increased:

- Jan '06 to Jul '06 from 484,500 to 496,100, **increased by 11,600 or 2.4%**
- Jan '06 to Jan '07 from 484,500 to 495,100, **increased by 10,600 or 2.2%**

When minimum wage increased to \$7.25, the job count increased:

- Jan '07 to Jul '07 from 495,100 to 502,600, **increased by 7,500 or 1.5%**
- Jan '07 to Jan '08 from 495,100 to 498,500, **increased by 3,400 or 0.7%**



When minimum wage increased to \$5.75, Accommodation & Food Services increased:

- Jan '02 to Jul '02 from 84,250 to 87,300, **increased by 3,050 or 3.6%**
- Jan '02 to Jan '03 from 84,250 to 87,050, **increased by 2,800 or 3.3%**

When minimum wage increased to \$6.25, Accommodation & Food Services increased:

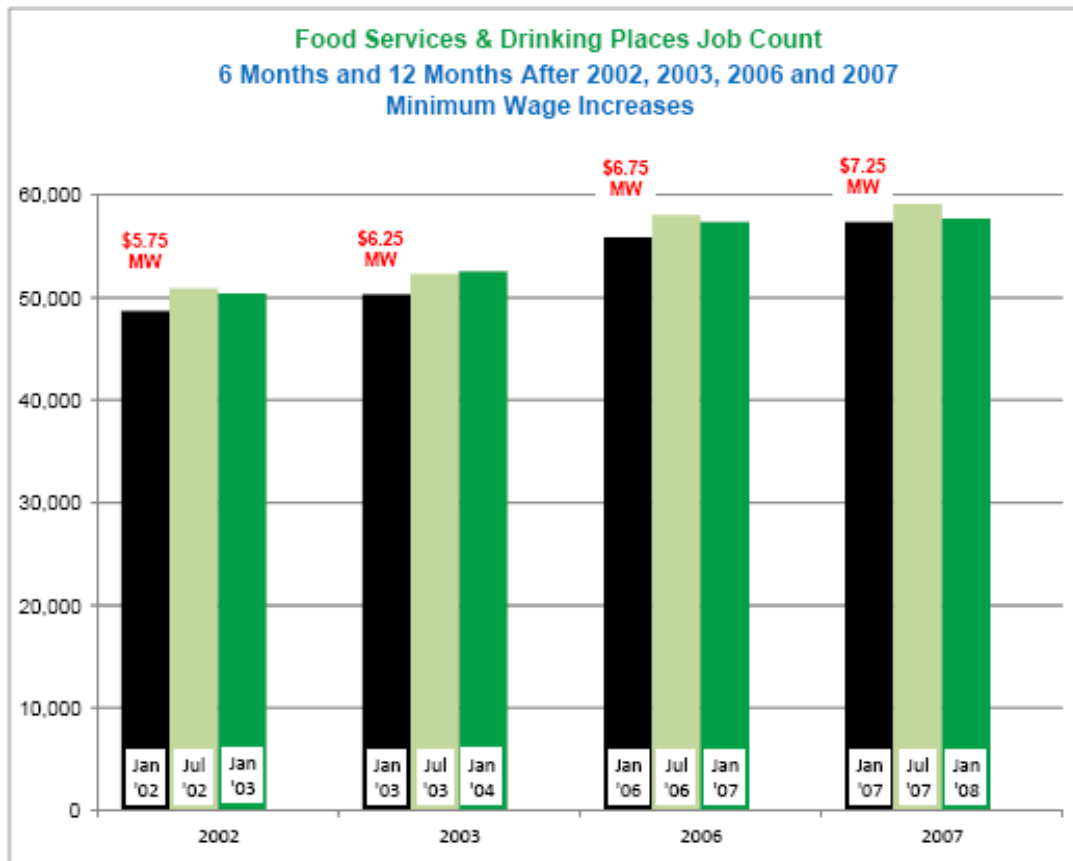
- Jan '03 to Jul '03 from 87,050 to 88,950, **increased by 1,900 or 2.2%**
- Jan '03 to Jan '04 from 87,050 to 89,800, **increased by 2,750 or 3.2%**

When minimum wage increased to \$6.75, Accommodation & Food Services increased:

- Jan '06 to Jul '06 from 94,650 to 97,250, **increased by 2,600 or 2.7%**
- Jan '06 to Jan '07 from 94,650 to 96,800, **increased by 2,150 or 2.3%**

When minimum wage increased to \$7.25, Accommodation & Food Services increased:

- Jan '07 to Jul '07 from 96,800 to 98,350, **increased by 1,550 or 1.6%**
- Jan '07 to Jan '08 from 96,800 to 96,950, **increased by 150 or 0.2%**



When minimum wage increased to \$5.75, Food Services & Drinking Places increased:

- Jan '02 to Jul '02 from 48,700 to 50,900, **increased by 2,200 or 4.5%**
- Jan '02 to Jan '03 from 48,700 to 50,350, **increased by 1,650 or 3.4%**

When minimum wage increased to \$6.25, Food Service & Drinking Places increased:

- Jan '03 to Jul '03 from 50,350 to 52,300, **increased by 1,950 or 3.9%**
- Jan '03 to Jan '04 from 50,350 to 52,550, **increased by 2,200 or 4.4%**

When minimum wage increased to \$6.75, Food Services & Drinking Places increased:

- Jan '06 to Jul '06 from 55,850 to 58,000, **increased by 2,150 or 3.8%**
- Jan '06 to Jan '07 from 55,850 to 57,350, **increased by 1,500 or 2.7%**

When minimum wage increased to \$7.25, Food Services & Drinking Places increased:

- Jan '07 to Jul '07 from 57,350 to 59,100, **increased by 1,750 or 3.1%**
- Jan '07 to Jan '08 from 57,350 to 57,700, **increased by 350 or 0.6%**

Statistical Profile of Minimum Wage Workers in Hawaii—2012*

Statistical Profile of Persons Earning \$7.25 or Less*

Total: 14,303 **2.2%** of Labor Force

Exactly \$7.25: 8,195 **1.2%** of Labor Force

Subminimum Wage: 7,624 **1%** of Labor Force

Gender Profile of Persons Earning \$7.25 or Less

Percentage of Males Earning \$7.25 or below: **49.5%**

Percentage of Females Earning \$7.25 or below: **50.5%**

Age Profile of Persons Earning \$7.25 or Less:

Under 18: **13%**

Between 21 and 55: **72%**

55 and Over: **13%**

Total over 18: 85%

Hours Worked by Persons Earning \$7.25 or Less:

Works Less than 20 hours: **17%**

Works 20 - 34 hours: **54%**

Works More than 35 Hours: **30%**

Total working more than 20 hours and presumably eligible for employer paid health care: 84%

*Source: U.S. Census Bureau; Current Population Survey Basic Micro Data Set, <http://dataferrett.census.gov>, data extracted by Lawrence W. Boyd Ph.D., Center for Labor Education and Research, University of Hawaii at West Oahu. Hawaii 2012 data

By major occupational group, the highest proportion of hourly paid workers earning at or below the federal minimum wage was in service occupations, at about 12 percent. About three-fifths of workers earning the minimum wage or less in 2012 were employed in service occupations, mostly in food preparation and serving related jobs.

The industry with the highest proportion of workers with hourly wages at or below the federal minimum wage was leisure and hospitality (about 19 percent). About half of all workers paid at or below the federal minimum wage were employed in this industry, the vast majority in restaurants and other food services.¹⁰

¹⁰ Characteristics of Minimum Wage Workers: 2012, Bureau of Labor Statistics, U.S. Department of Labor

We All Subsidize Minimum Wage Workers:¹¹

- 1 in 5 minimum wage workers receives SNAP (formerly food stamps).



- 1 in 5 minimum wage workers have someone in the family on Medicaid.



- 1 in 5 minimum wage workers have at least one child that receives free or reduced price school meals.



The department offers the following information pertaining to the tip credit.

Many of the Western states do not have tip credit provisions in their law.



- Alaska
- California
- District of Columbia
- Montana
- Minnesota
- Nevada
- Oregon
- Washington

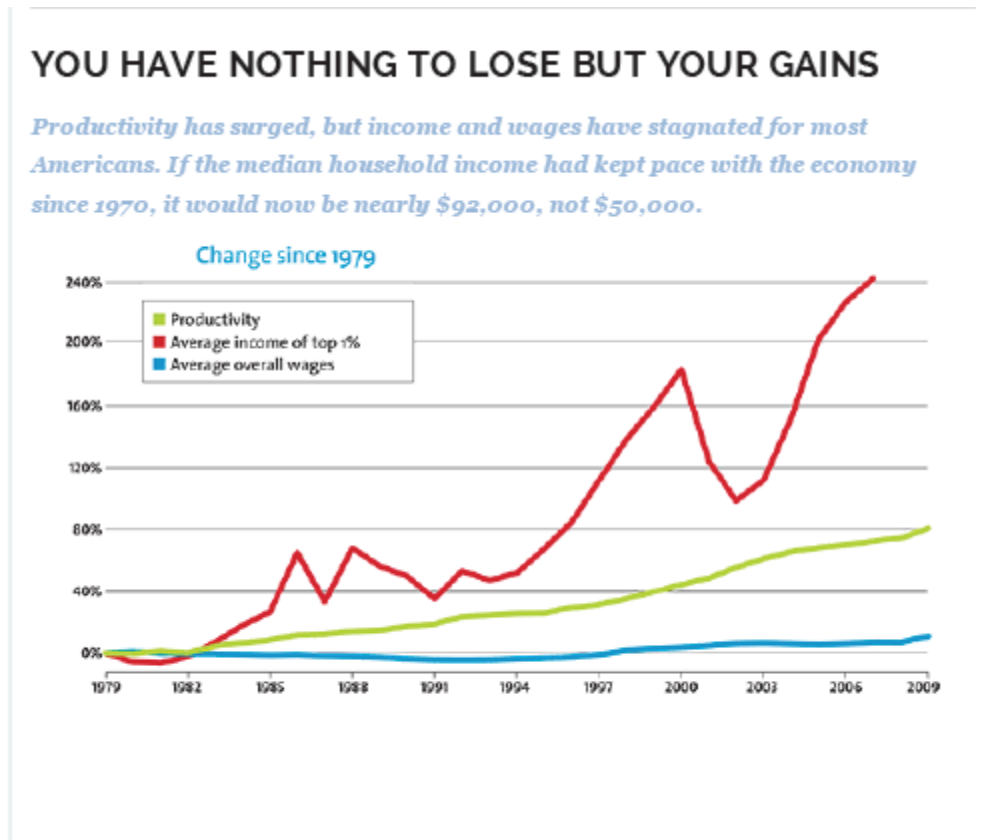
¹¹ U.S. Census Bureau, Current Population Survey March Supplement Micro Data Set, <http://dataferrett.census.gov>, data extracted by Lawrence W. Boyd Ph.D., Center for Labor Education and Research, University of Hawaii at West Oahu. Hawaii Data 2012

The average tipped worker earns just \$9.87 per hour including tips, and tipped workers are more likely to live under the federal poverty guidelines.¹² Waiters and servers earn an average of \$26,280 a year (**\$12.64/hour**) in Hawaii while cooks average \$29,200 (**\$14.04/hour**). The average annual wage for all workers in Hawaii is \$44,786 (**\$21.53/hour**).¹³

Who Are Tipped Workers in the United States?

- 2 in 3 are women
- 1 in 3 are parents
- Half are 30 years old or older
- 1 in 6 rely on free lunches to feed their children
- 1 in 7 rely on SNAP (food stamps)
- 1 in 4 people of color working for tips lives in poverty¹⁴

“We can either settle for a country where a shrinking number of people do really well, while a growing number of Americans barely get by,” said President Obama in his 2012 State of the Union address. ***“Or we can restore an economy where everyone gets a fair shot, everyone does their fair share, and everyone plays by the same set of rules.”***

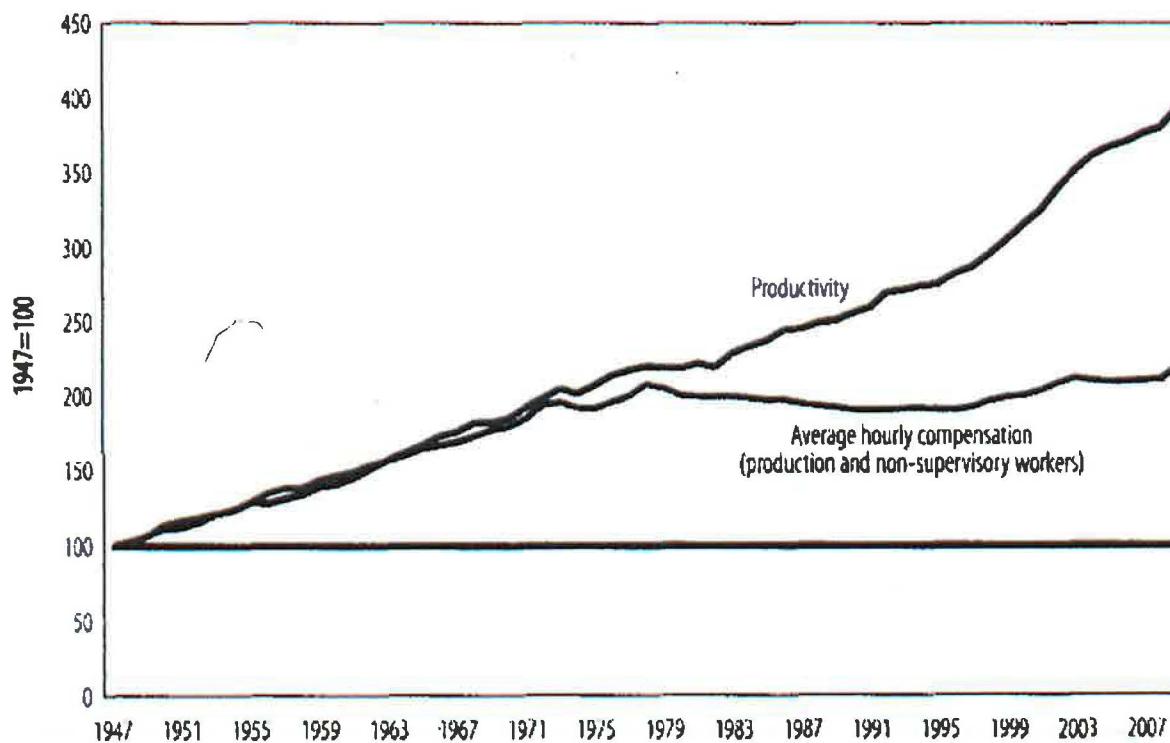


<http://www.mothersjones.com/politics/2011/02/income-inequality-in-america-chart-graph>

¹¹ U.S. Census Bureau, Current Population Survey March Supplement Micro Data Set, <http://dataferrett.census.gov>, data extracted by Lawrence W. Boyd Ph.D., Center for Labor Education and Research, University of Hawaii at West Oahu. Hawaii Data 2012

The Puzzle: Wages kept up with productivity until late 1970s

Growth of production worker compensation and productivity, 1947-2009



Source: EPI analysis of Bureau of Labor Statistics and Bureau of Economic Analysis data.



EXECUTIVE OFFICE ON EARLY LEARNING
HONOLULU

GG WEISENFELD
DIRECTOR

Testimony in **Support of the Intent of**
S.B. 2609
By GG Weisenfeld, Director

Senate Committee on Ways and Means
February 26, 2014
10:35 a.m., Room 211

Chair Ige, Vice-Chair Kidani, and Members of the Committee:

The Executive Office on Early Learning (EOEL) is in support of the intent of this measure to increase the minimum wage. The Department of Labor and Industrial Relations is the lead on minimum wage issues for the Administration.

EOEL was established by Act 178 in 2012. Its creation provides government-wide authority to guide the development of a comprehensive and integrated statewide early childhood development and learning system. Since our creation, we have engaged over 100 public and private partners across the state to define the desired outcomes for children and families, as well as the critical strategies that are needed to achieve our collective priorities over the next three to five years.

A raise in the minimum wage would not only help many families escape or avoid poverty, but could also significantly boost their children's academic performance and future adult earnings.

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

COUNTY COUNCIL

Jay Furfaro, Chair
Mason K. Chock, Sr., Vice Chair
Tim Bynum
Gary L. Hooser
Ross Kagawa
Mel Rapozo
JoAnn A. Yukimura



OFFICE OF THE COUNTY CLERK

Ricky Watanabe, County Clerk
Jade K. Fountain-Tanigawa, Deputy County Clerk

Telephone (808) 241-4188
Fax (808) 241-6349
Email cokcouncil@kauai.gov

Council Services Division
4396 Rice Street, Suite 209
Līhu'e, Kaua'i, Hawai'i 96766

February 25, 2014

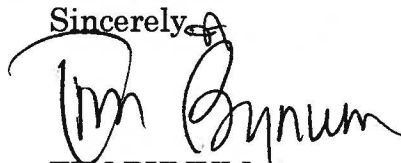
**TESTIMONY OF TIM BYNUM
COUNCILMEMBER, KAUAI COUNTY COUNCIL
ON
SB 2609, RELATING TO MINIMUM WAGE
Committee on Ways and Means
Wednesday, February 26, 2014
10:35 a.m.
Conference Room 211**

Dear Chair Ige and Committee Members:

Thank you for this opportunity to submit testimony in strong support of SB 2609, relating to the increase in the minimum wage. My testimony is submitted in my individual capacity as Councilmember of the Kaua'i County Council.

Increasing the minimum wage for Hawai'i residents is imperative to assist low-income families who struggle with poverty. Since the last increase in the minimum wage in 2007, the cost of living drastically increased, making it difficult for individuals, especially single parent households, to support their families. In addition, this measure will generate economic activity across our State, as families will have more to spend on goods and services.

For the reasons stated above, I respectfully ask that this Committee approve SB 2609. Again, thank you for this opportunity to submit testimony.

Sincerely,


TIM BYNUM
Councilmember, Kaua'i County Council

AB:lc



Committee on Ways and Means
Wednesday, February 26, 2014
10:35 a.m.

SB 2609, Relating to Minimum Wage.

Dear Committee Chair Ige and Committee Members:

The University of Hawaii Professional Assembly (UHPA) supports an increase in the minimum wage to at least \$10 an hour effective immediately. UHPA also supports the elimination of the tip credit.

UHPA members observe daily the impact that low wages have on the students. A large portion of the student body must work in order to stay in school. For many, the amount of tuition support is not enough to ensure they can adequately provide for themselves and their families. While our students have a low student debt level it is in part due to working significant hours. Most are employed at low wage jobs. Many students have returned to college to increase their skills to find better paying jobs but need greater income to complete their education goals.

Raising the minimum wage has a direct impact on the ability of students to increase the number of courses each semester and can lead to shortening the time to graduation and obtainment of new workforce skills.

We strongly support raising the minimum wage and elimination of the tip credit to increase income security for many in our community.

Respectfully submitted,

Kristeen Hanselman
Associate Executive Director

**UNIVERSITY OF HAWAII
PROFESSIONAL ASSEMBLY**

1017 Palm Drive • Honolulu, Hawaii 96814-1928
Telephone: (808) 593-2157 • Facsimile: (808) 593-2160
Web Page: <http://www.uhpa.org>



Progressive Democrats of Hawai‘i

<http://pd-hawaii.com>

1418 Mokuna Pl. Pl, Honolulu, HI 96816

email: info@pd-hawaii.com

tel: 808-542-9084

SENATE COMMITTEE ON WAYS & MEANS

Sen. David Ige, Chair

Sen. Michelle Kidani, Vice-Chair

Date: Wednesday, February 26, 2014

Time: 10:35 am

Place: Conference room 221

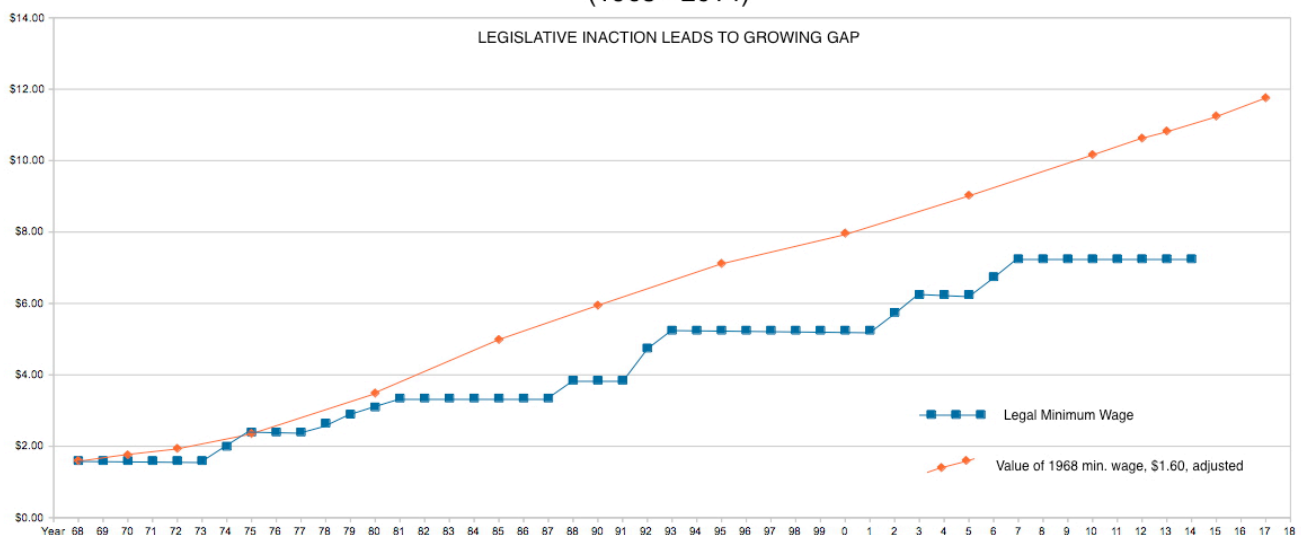
SB2609, RELATING TO MINIMUM WAGE

In STRONG SUPPORT

My name is Bart Dame and I am testifying on behalf of Progressive Democrats of Hawaii in strong support of SB2609, which we believe to be the best of the minimum wage bills currently under consideration.

We present the following chart as a means to help visualize what has happened to the purchasing power of the minimum wage in Hawaii in recent decades.

DECLINE OF MINIMUM WAGE IN HAWAII
(1968 - 2014)



On the chart, you will see two lines. The blue line shows the actual minimum wage for each year since 1968. The orange line shows the value of the 1968 minimum wage, in current dollars, which reflects where it would be, had the legislature raised it to keep up with inflation.

We believe the chart shows why the CPI provision must be retained and why the wage should be raised

to at least \$10.10 by January 2017.

The chart shows, quite clearly, how the reluctance of legislators to raise the wage, for MANY years at a stretch, has pushed our lowest wage workers into poverty and, sometimes, homelessness. 40% of the homeless are working, with most at, or near, the minimum wage.

We can see three lengthy periods where previous legislators failed to raise the minimum wage to keep up with the rising cost of living. From 1981-1987 (a period of 6 years) from '93 to 2002 (a period of 9 years!) and from 2007 until now (a period of 8 years).

If the legislature were to delete the annual CPI adjustment, as some are advocating, you will be saying you are willing to endorse the past practice of allowing low-wage workers' income to decline for years at a time. What reason is there to assume the legislature will break this historical pattern of neglect?

You will see a growing gap between the two lines, starting at about 1980. This gap replicates the widening of incomes which occurred across the United States, as the wages of working people stagnated. There is a myth going around that increased globalization has led to a decline of wealth in the United States and the decline of income for middle and working class people is an inevitable outcome of global competition. We disagree. Income in the United States has gone up during this period, but it has not been shared equally. The rich HAVE been getting richer, the poor HAVE been getting poorer and the middle class has been collapsing. And it is not the inevitable result of changes in the economy, but the result of conscious action –and INACTION- of legislative bodies like this at the state and federal level, lowering taxes on the wealthy, on corporations, on capital gains, weakening labor laws, cutting social services and other programs, giving away tax credits to investors and refusing to raise the minimum wage to help keep low-income workers from falling into poverty.

We have seen testimony claiming the CPI provision will subject business owners to sudden, hard to predict increases, which will render budgeting difficult, even “impossible.” That is, to use an Irish phrase, MALARKY. In Japanese, “SHIBAI.” IN Anglo-Saxon....We will avoid the appropriate Anglo-Saxon words.

Costs for businesses go up, sometimes unexpectedly and at rates greater than the CPI, yet businesses adapt to hikes in rent, utilities, gasoline, insurance, the cost of merchandise or materials. Only the cost of labor cannot be adjusted to? Chaining future hikes in the minimum wage to the overall rate of the cost of other items, will make such hikes predictable and incremental.

Leaving it to legislative action, on the other hand, will inevitably result in sudden, difficult to anticipate jumps when the legislators, after delaying for 6, 8, or 9 years (!), finally get spurred into action by the obvious injustice of forcing workers to work for less and less, in real terms, each year.

If business owners are concerned about the jump in wages proposed with this bill, they should realize it is a byproduct of their success, over the last 7 years, in preventing smaller hikes. The fairest solution, which would prevent future lurches in the minimum wage, would be to ensure there be small, annual adjustments, consistent with the CPI. The purchasing power of the minimum wage would not go up. It would not go down. It would retain a constant value.

SB2609 would hike the minimum wage, in three steps, to \$10.10 by January 1, 2017. That hike would recapture much of the previous value of the wage which has been lost due to legislative inaction in the face of inflation. But, it should be noted, the purchasing power of the 1968 minimum wage, \$1.60, when adjusted for inflation, would be worth \$10.77 TODAY. By January 2017, it will be worth about \$11.75. So the hike proposed in SB2609 can not be viewed as excessive. It is actually a compromise,

too low a wage, a concession to the business community. It is, however, the best wage being offered and is consistent with the minimum wage being proposed nationally by Senator Tom Harkin, with the support of his caucus and President Obama. Again, if we were to argue on the basis of justice and equity, since Hawaii's cost of living is about 55% above the national average, our minimum wage should also be about 55% above the federal wage.

Please pass this bill:

Raise the minimum wage to \$10.10 by January 2017.

Please:

DO NOT reduce that amount. DO NOT DELAY its full implementation until January 2018.

RETAIN the CPI provisions. TEN OTHER STATES HAVE ANNUAL CPI ADJUSTMENT MECHANISMS. WHY SHOULD HAWAII'S WORKERS BE DENIED SIMILAR PROTECTION AGAINST INFLATION?

Thank you for the opportunity to testify.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: metroben@me.com
Subject: *Submitted testimony for SB2609 on Feb 26, 2014 10:35AM*
Date: Monday, February 24, 2014 4:53:24 PM

SB2609

Submitted on: 2/24/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Ben Robinson	IP Xpert of Honolulu	Support	No

Comments:

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

UNITE HERE!

LOCAL  HAWAII

Eric Gill, Financial Secretary-Treasurer

Hernando Ramos Tan, President

Godfrey Maeshiro, Senior Vice-President

Monday, February 24, 2014

The Honorable David Ige - Chair and Committee Members
Hawaii State Legislature
Senate Committee on Ways & Means
State Capitol
415 S. Beretania Street

RE: SB 2609, relating to minimum wage

Chair Ige and members of the Senate Committee on Ways & Means:

UNITE HERE Local 5, a local labor organization representing 10,000 hotel, health care and food service workers employed throughout our State, hereby registers our support for Senate Bill 2609, relating to minimum wage.

SB 2609 would increase the minimum wage to \$10.10 starting in January 2017 with periodic adjustments thereafter in accord with the consumer priced index, and would repeal the "tip credit."

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 sustain Hawaii's economic future.

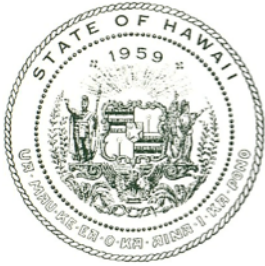
As the standard quality of life for ordinary working people in our islands continue to deteriorate, Hawaii's economic future and our ability as a community to secure good jobs for our local people remain one of our greatest concerns. Our State has the highest cost of living in the nation and the lowest average adjusted income rate. 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 between 2006 & 2011 more than 3,200 jobs have been lost in the accommodations sector alone. Hundreds of good jobs have been lost in our hotels, and we are threatened with losing even more as we lose more of our hotel rooms to condominiums and timeshares.

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 seven whole years. Our State government needs to play a bigger, more productive role in improving our lives, and we agree - there is no real substantiated need or reason for Hawaii's tip credit law. In fact, it's more of a "tax" on Hawaii's working people than a "credit."

It's our belief that Hawaii can be a place where good jobs are readily available and that is also 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 introducing and hearing SB 2609 and would urge the committee to pass the measure.

HAWAII
STATE
COMMISSION
ON THE
STATUS
OF
WOMEN



Chair
LESLIE WILKINS

COMMISSIONERS:

ELENA CABATU
CARMILLE LIM
AMY MONK
LISA ELLEN SMITH
MARILYN LEE
JUDY KERN

Executive Director
Catherine Betts, JD

Email:
DHS.HSCSW@hawaii.gov
Visit us at:
humanservices.hawaii.gov
/hscsw/

235 S. Beretania #407
Honolulu, HI 96813
Phone: 808-586-5758
FAX: 808-586-5756

February 26, 2014

To: Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair
Members of the Senate Committee on Ways and Means

From: Cathy Betts, Executive Director, Hawaii State Commission on the Status of Women

Re: Testimony in Strong Support, SB 2609 Relating to the Minimum Wage

On behalf of the Hawaii State Commission on the Status of Women, I would like to thank the Committee for the opportunity to testify in support of an increase in the minimum wage. The Commission strongly supports an increase in the minimum wage, linked to the CPI, and a freeze or complete repeal of the tip credit (which should be seen as it truly is—a tip deduction).

Current Minimum Wage and Subsidization of the Minimum Wage

Hawaii's minimum wage has been stuck at \$7.25 per hour since 2007, while the cost of the living and basic expenses (food, housing, utilities, gasoline and childcare) have drastically risen. Average weekly earnings for non minimum wage earners have increased 16% since 2007, while there has been a 0% increase for minimum wage earners.¹ If the minimum wage had kept pace with inflation since 1968, the minimum wage would be over \$10.70 per hour today.²

In Hawaii, this translates to a growing sector of our working population becoming reliant on state and/or federal benefits. Currently, 1 in 5 minimum wage earners receive Supplemental Nutrition Assistance Program (SNAP, i.e. "food stamps") benefits. 1 in 5 minimum wage workers has someone in the family reliant on Medicaid. Additionally, 1 in 5 minimum wage workers has at least one child that receives free or reduced price school meals.³ Currently, 22,000 of Hawaii's children under six live in low income working families.⁴ Hawaii's poverty rate of 17.3% makes Hawaii the 9th poorest in the nation.⁵

How the Minimum Wage Financially Affects Women

A woman working full time, year round at the minimum wage level of \$7.25 per hour earns nearly \$4000.00 below the poverty level for a family of three.⁶ Most female minimum wage earners are the sole breadwinners for their families, which means more women live below the poverty level and are more reliant on state and federal benefits in order to do essential things, like pay their rent and feed their children.⁷ Increasing the minimum wage to **\$10.10** per hour boosts annual earnings and **is enough to pull a family of three out of poverty.**⁸

The majority of women working in minimum wage jobs are tipped workers. The restaurant industry has one of the highest concentrations of workers (39%) earning at or below the minimum wage.⁹ Restaurant servers, the largest group of tipped workers, experience poverty at nearly three times the rate of the workforce as a whole. Of these servers, 71% are women.¹⁰ A female restaurant worker is paid just 79% of what her male counterpart earns. The tip credit exacerbates the hardship of gendered disparities in earnings. In this way, pay inequity stifles the economy, exacerbates poverty and forces more women onto government assistance. The sad irony is that a majority of the women serving food cannot afford to eat or feed their children.

Increasing the minimum wage has been identified as one of the most important ways we can alleviate the wage gap between men and women. Over a 40 year working career, the average woman is paid \$413,000.00 less than her male counterparts, with the same education, performing the same work. Nationally, that means the United States loses out on close to 477 billion dollars because of the wage gap. Increasing the minimum wage raises the floor so that women can earn more, thereby decreasing the wage gap.

Finally, the Commission supports a repeal of the tip credit. At the very least, we support no increase to the tip credit, which should be seen as it truly is: a tip deduction. Tips rightfully belong to the employee performing a service for the tip. While a few employers of tipped workers will argue otherwise, the majority of tipped workers in Hawaii are not becoming wealthy off of their tips. Their tips are hard earned, paid by customers to the employee for a very specific service performed, and help to subsidize their low minimum wage.

Increasing wages to our lowest paid workers directly leads to lower turnover and encourages employers to invest in their workers.¹¹ Raising the minimum wage has the ability to promote our economic recovery by raising income for Hawaii's workforce and thereby lifting families out of poverty and toward financial security.¹² The Commission strongly supports an increase in the minimum wage. Thank you for this opportunity to testify.

¹ Research and Statistics Office, Department of Labor and Industrial Relations (DLIR).

² Julie Vogtman and Katherine Gallagher Robbins, National Women's Law Center, *Fair Pay for Women Requires Increasing the Minimum Wage and Tipped Minimum Wage*, September 2013.

³ Bureau of Statistics from U.S. Census Bureau, Current Population Survey, Hawaii Data (2012).

⁴ The Impact of Family Income on Child Achievement: Evidence from the Earned Income Tax Credit, American Economic Review (2012).

⁵ Bureau of Statistics from U.S. Census Bureau, Current Population Survey, Hawaii Data (2012).

⁶ Julie Vogtman and Katherine Gallagher Robbins, National Women's Law Center, *Fair Pay for Women Requires Increasing the Minimum Wage and Tipped Minimum Wage*, September 2013.

⁷ Id.

⁸ Id.

⁹ The Restaurant Opportunities Centers United, *Tipped Over the Edge: Gender Inequity in the Restaurant Industry 1* (2012).

¹⁰ Bureau of Statistics from U.S. Census Bureau, 2006-2012 American Community Survey, calculated by Restaurant Opportunities Centers United.

¹¹ T. William Lester, David Madland and Nick Bunker, Ctr. For American Progress, *An Increased Minimum Wage is Good Policy Even During Hard Times* (June 2011).

¹² Research and Statistics Office, DLIR.



SENATE COMMITTEE ON WAY AND MEANS
Sen. David Y. Ige, Chair
Sen. Michelle N. Kidani, Vice Chair
Wednesday, February 26, 2014, 10:35 a.m.
Conference room 211

SB 2609, RELATING TO MINIMUM WAGE

Aloha Chair Ige, Vice-Chair Kidani and members of the committee,

Thank you for this opportunity to testify today in **STRONG SUPPORT** of this bill.

The State Central Committee of the Democratic Party of Hawai'i voted on January 11th to make raising the minimum wage the number one legislative priority for this session. We have reviewed the various bills submitted and believe this is one of the strongest bills towards achieving that end.

Hawai'i has the highest cost of living in the country, yet 21 states now have a higher minimum wage than we do. It has been over seven years since the minimum wage was last raised. It will actually be 8 years if and when this wage hike is implemented. The prices of most goods and services have risen during that time, as have the wages of many other workers. Those earning the minimum wage, however, have seen their costs of living rise, yet have not seen any increase in wages to help offset these higher costs. As a result, the purchasing power of that minimum wage, in real terms, has declined steadily by at least 20%. It is long past time to raise the minimum wage.

SB 2609's strength is the provision which ties the minimum wage to increases in the consumer price index, which allows the minimum wage rise automatically with the cost of living. This benefits the employee and allows employers to prepare for anticipated rate hikes instead of leaving them subject to sudden increases resulting from legislative action. SB 2609 also eliminates the tip credit provision and we welcome its elimination.

The minimum wage law protects employers who may wish to give their employees a raise, but do not out of fear it would put them at a disadvantage to their competitors. When all employers are required to hike the minimum wage, that disadvantage disappears. In addition, a strong case can be made that a hike in the minimum wage, by significantly increasing the income of low wage workers, will result in an increase in spending, resulting in more consumption, which, in turn, leads to the hiring of more employees. Rather than suppressing the economy, it actually tends to boost it.

For these reasons, both economic and for social justice, we strongly support passage of SB 2609. Please let me know what I can do to help. Thank you for this opportunity to testify.

Dante Carpenter
Chair
Democratic Party of Hawai'i



The Senate
The Twenty-Seventh Legislature
Regular Session of 2014

Committee on Ways and Means
Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair

RE: **SB 2609 Relating to Minimum Wage**

Aloha Chair Ige, Vice Chair Kidani and Members of the Committee,

SAG-AFTRA Hawaii Local represents over 1,000 professional performers and broadcast journalists. We support HB 2580 and ask that the legislature seriously consider increasing the minimum wage to \$10.00/hour or more and repeal the tip credit effective in January 1, 2015.

For over seven years there has not been a minimum wage increase and Hawaii's cost of living keeps rising. Hawaii's minimum wage worker earns \$7.25 an hour or \$15,080/year; a wage that is impossible to live on and raise a family.

An increase to \$10.00 an hour or more will at least provide some relief to the lowest paid worker who struggles to make ends meet. It is vital to have a fair and decent minimum wage. Tipped workers should not be penalized with a tip credit and we respectfully request that the tip credit be repealed to ensure tipped workers are guaranteed to earn a decent wage.

More than 17 percent or approximately 229,000 of Hawaii's workers live in poverty. An increase to \$10.00 or more an hour and a repeal of the tip credit is a move in the right direction to reducing poverty in our State.

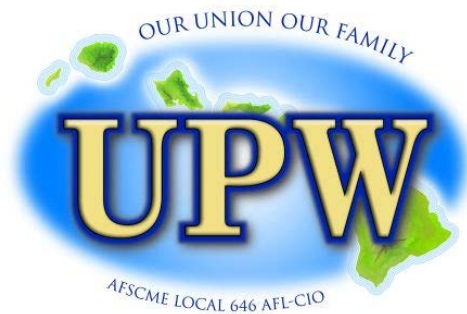
We ask for your support to increase the minimum wage to \$10.00 an hour or more and repeal the tip credit. Every worker deserves to earn an equitable minimum wage.

Aloha,

David C. Farmer
President, SAG-AFTRA Hawaii Local

Brenda Ching
Executive Director, SAG-AFTRA Hawaii Local

SAG-AFTRA Hawaii Local
brenda.ching@sagaftra.org • SAGAFTRA.org • 808-596-033 (P) • 808-593-2636 (F)
SCREEN ACTORS GUILD - AMERICAN FEDERATION OF TELEVISION AND RADIO ARTISTS
949 Kapiolani Blvd., Suite 105, Honolulu, HI 96814
Associated Actors & Artistes of America / AFL-CIO



THE HAWAII STATE SENATE
The Twenty-Seventh Legislature
Regular Session of 2014

COMMITTEE ON WAYS AND MEANS

The Honorable Sen. David Ige, Chair
The Honorable Sen. Michelle N. Kidani, Vice Chair

DATE OF HEARING: Wednesday, February 26, 2014
TIME OF HEARING: 10:35 AM
PLACE OF HEARING: Conference Room 211

TESTIMONY ON SB2609 RELATING TO MINIMUM WAGE

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.

UPW strongly supports raising the minimum wage to no less than \$10.00 per hour and deleting the tip credit. 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.

We ask that you pass this bill.

Thank you for the opportunity to testify on this measure.



Hearing Date: February 26, 2014

To The Senate Committee on Ways and Means,

I'm writing to you, in my capacity as the General Manager/ Partner of Keoki's Paradise (a restaurant located on the island of Kaua'i) in regards to Hawaii Bill Proposal SB2609 RELATING TO MINIMUM WAGE. My management team and I are **in support of the intent** to increase wages for low wage earners, but, we would like to request the following amendment for your consideration: **a minimum wage increase that also increases the tip credit accordingly**. We ask this because we feel that a corresponding increase in the tip credit will enable restaurants (such as ours) to raise the rate of pay for non-tipped employees.

We have approximately 110 non-supervisory employees at Keoki's Paradise. Of these 110 employees, 70 of them (64%) work in the front of the house making the \$7.25 minimum wage less tip credit of \$0.25 an hour, plus tips. The average hourly wage for our front of the house employees in 2013 (with tips) was \$22.45.

On the other hand, our kitchen and maintenance staff make up the remaining 40 employees and averaged \$12.82 an hour in 2013.

This bill in its current draft will raise the wages of the wrong group of employees! Without a corresponding tip credit to the proposed minimum wage increase it will be very difficult to continue to raise the wages for these employees whom would benefit most.

Thank you for your consideration.

Respectfully,

Derek Kessler
General Manager / Partner
Keoki's Paradise
2360 Kiahuna Plantation Drive
Koloa, HI 96746
808-742-7534
derek@keokis.com

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: cocpwhawaii@gmail.com
Subject: Submitted testimony for SB2609 on Feb 26, 2014 10:35AM
Date: Monday, February 24, 2014 12:55:00 PM

SB2609

Submitted on: 2/24/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Derek Tamura	Chamber of Commerce for Persons with Disabilities-Hawaii	Comments Only	No

Comments: On behalf of this chamber and its members, we stand in full support of 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



To: Senator Ige, Chair
Senate Committee on Ways and Means

From: Dylan Ching
General Manager

Hearing Date: February 26, 2014

RE: SB2609-RELATING TO MINIMUM WAGE (**KEEP THE TIP CREDIT**)

We are in support of the intent to increase wages for low wage earners but request a minimum wage increase that correspondingly increases the tip credit. An increase in the tip credit will enable restaurants to raise pay for non-tipped employees creating more equity in wages.

Duke's Waikiki has approximately 325 employees. We use the tip credit and can report that our front of house employees in 2013 averaged **3 times minimum wage** with their tip income. The average hourly wage with tips was \$21.76.

If the minimum wage is increased \$1 and the tip credit is eliminated, it is estimated it will cost our restaurant \$250,000 in one year! This expense will immediately cause us to increase our menu prices which will lead to a higher check amount, and increased tips for our front of house employees'.

Conversely, we consider our low wage earners to be our Kitchen employees who do not receive tips. They average \$12.45 an hour. The increase in minimum wage will not increase our kitchen employees' wages and in fact it may lower them because we will be hard pressed to continue to raise the rates of our back of the house support staff.

We feel this is has the opposite effect of the intent of this bill.

Creating Equity: If minimum wage is increased, correspondingly increase the tip credit. This way, restaurants can increase wages for the non-tipped employees who would benefit the most.

Thank you for your support.

DUKE'S CANOE CLUB WAIKIKI
RESTAURANT AND BAREFOOT BAR
2335 Kalakaua Avenue, Suite 116, Honolulu, HI 96815

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: local627@boilermakershawaii.com
Subject: Submitted testimony for SB2609 on Feb 26, 2014 10:35AM
Date: Tuesday, February 25, 2014 8:59:34 AM

SB2609

Submitted on: 2/25/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Gary Aycock	Boilermakers L-627	Support	No

Comments: I strongly support this bill! As I stated in previous testimony, I feel the businesses are the special interest and the employees are the common electorate! With the obvious fact that food prices on the rise, we will all be paying more in the restaurants and etc. I believe this is the right thing to do! Mahalo, Gary Aycock Asst. Busn. Mngr. Boilermakers L-627

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

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: ghfarstrup@msn.com
Subject: Submitted testimony for SB2609 on Feb 26, 2014 10:35AM
Date: Monday, February 24, 2014 12:21:29 PM

SB2609

Submitted on: 2/24/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Greg and Pat Farstrup	Individual	Support	No

Comments: The minimum wage needs to be raised to \$10.10 THIS YEAR!

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



Hawaii's Finest Macadamia Nuts ~ Chocolates ~ Confections

February 24, 2014

Senate Ways and Means Committee

Regarding Senate Bill : 2609 Increase in the Minimum Hourly Rate

Greetings,

My name is Gwendolyn Purdy. I am the Vice President of Island Princess in Honolulu. We own a candy factory in Honolulu and a Macadamia orchard in Hilo. We employ over 150 employees. Please allow me a moment to contribute some thoughts on the bills referenced above being considered by your committees on February 25, 2014.

Undoubtedly, you have already surmised that I intend to discourage this committee from moving forward on any of these bills. Any one of them would make extra-ordinarily difficult demands on businesses that are still struggling in the current economic theater. The proposed raise in minimum wage will cheapen the hard work and commitment of hourly employees who have lifted themselves from minimum wage to compensation in the range proposed by these bills. All the bills discourage employment growth in the state. While mandated compensation increases at this magnitude will likely benefit some, it will just as easily damage others.

Marginal workers, whose performance at \$7.25 per hour is adequate, will probably find themselves unemployed at the higher levels being proposed. This is simply because if they were worth higher pay per hour, most companies would be compensating them at that level. Unemployed workers and young people with no experience looking to get into the work force will find companies reluctant to expand their ranks due to the additional costs. Workers who have loyally toiled for some time to reach higher pay levels will suddenly find themselves, once again, at the bottom of the wage scale, working next to new hires that the company must, by law, pay this same wage.

Please don't fool yourself into thinking that businesses are going to or can afford to just give their entire staff a raise simply because the state legislature has determined our current minimum wage is "unfair to the work force".

The costs to businesses from these proposed changes would be devastating. An increase of \$2.25 per hour in minimum wage for one full-time employee is \$4,680 a year. A company with 20 workers paid at minimum wage would have a \$93,600.00 increase in payroll for those workers alone. This is for the wages but the other payroll costs would go up as well. SUTA, FUTA, TDI, Workers Comp, FICA, etc.

A Division of Purdyco Ltd.

Corporate Office:
2846 Ualena Street
Honolulu, Hawaii 96819-1910
Phone: (808) 839-5222
Fax: (808) 836-2019
e-mail: info@islandprincesshawaii.com
Website : www.IslandPrincessHawaii.com

Kea'au Location:
16-261 Shipman Rd.
Kea'au, HI 96749
Phone : 808-966-7451
Fax : 808-966-8507

My experience tells me this will result in workers that will not be hired and workers that will be let go. I would also think many companies will throw their hands up and shut their doors. I'm sure it will discourage any new businesses from coming to or starting up in Hawaii.

Minimum Wage Earners Tend to Be Young - The Department of Labor and Industrial Relations has argued that 85% of minimum wage earners are 21 and older. According to the Bureau of Labor Statistics ("BLS"), however, 50% of all minimum wage earners are 24 years of age or younger. Therefore, the argument that minimum wage earners are individuals who need to provide financially for their families appears to be somewhat of a misconception. In addition, the minimum wage is not meant to be a *living wage*; it is an entry level wage for workers without any particular skills or experience.

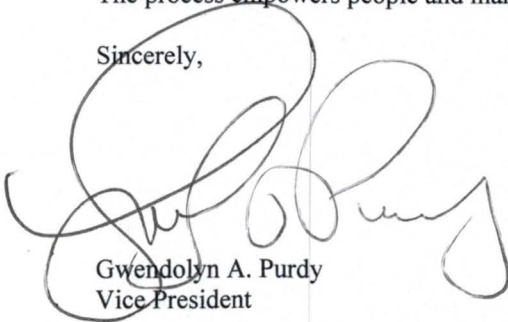
Half of Minimum Wage Earners are Tipped Employees - In addition, the BLS data also indicates that about half of minimum wage earners are tipped employees, meaning that they are already making over the minimum wage due to tips they receive.

Setting Minimum Wage to Inflation is Dangerous - Annual adjustments to the minimum wage based on inflation is dangerous because the economy fluctuates year to year and should be evaluated over a long period of time. Having the minimum wage escalate annually would result in repeated and increased costs for businesses but would not account for the ebb and flow of the economy. Setting the minimum wage at unmanageable levels could and probably would result in many small and large companies going out of business.

In an economic environment that has our representatives ostensibly encouraging job creation, these measures are undeniably inconsistent with that objective.

I will tell you that we are still hiring people on a regular basis at \$7.25 per hour and receive thanks from them for the opportunity we give them. And, what is more, we continue to give wage increases for productivity, skills development and seniority. Not a single soul, hired at Island Princess at minimum wage last year who has passed their probation, is still making minimum wage. We call this personal growth. The process empowers people and makes them strong.

Sincerely,



Gwendolyn A. Purdy
Vice President

A Division of Purdyco Ltd.

Corporate Office:
2846 Ualena Street
Honolulu, Hawaii 96819-1910
Phone: (808) 839-5222
Fax: (808) 836-2019
e-mail: info@islandprincesshawaii.com
Website : www.IslandPrincessHawaii.com

Kea'au Location:
16-261 Shipman Rd.
Kea'au, HI 96749
Phone : 808-966-7451
Fax : 808-966-8507

Hawai'i Alliance for Retired Americans

An affiliate of the Alliance for Retired Americans
c/o HEA 1953 South Beretania St., Suite 5C - Honolulu, Hawaii 96826

AFT Hawaii Retirees
HGEA Retirees
HSTA – Retired
ILWU Retirees
Kokua Council
UPW Retirees
Hawaii Family Caregivers Coalition
Kupuna Education Center

Submitted by email to: WAMtestimony@capitol.hawaii.gov

Testimony of Al Hamai in support of SB2609, Relating to Minimum Wage

Senate Committee on Ways and Means **February 26, 2014, 10:35 a.m. Conference Room 211**

Chair David Y. Ige, Vice Chair Michelle N. Kidani and Committee Members,

HARA strongly supports SB2609, which proposes to increase the minimum wage annually to \$10.10 on January 1, 2017 and then to authorize the DLIR to adjust the minimum hourly wage thereafter, beginning on September 30, 2017. It also deletes the tip credit.

We represent seniors and retirees statewide and we live basically on fixed incomes, including social security, pensions if we are fortunate to have them. Every dollar counts for us. We are worried about our long term care needs. Yet we believe in importance of social justice, which has helped to transform our state into a better place to live for its workers and families. We believe in the dignity of all work. Workers now, earning the lowest wages need your help to live with greater dignity and hope. You can make the difference, now.

The New York Times in its editorial, "From the Bottom Up" on February 17, 2013 supported the proposal and pointed out among other facts: "One study from the Federal Reserve Bank of Chicago found that a \$1 increase in the minimum wage results, on average, in \$2,800 in new spending by affected households in the following year, in large part because the increase helps workers accumulate down payments to buy cars. Owning a car, in turn, helps workers to keep their jobs."

We urge your Committee to approve SB2609 not only for the benefit of the low wage earners but in the public interest toward making our state an even better place to live. Mahalo and Aloha.

HARA is a strong voice for Hawaii's retirees and seniors; a diverse community-based organization with national roots; a grassroots organizer, educator, and communicator; and a trusted source of information for decision-makers.

**Board of Directors**

Sherry Broder, Esq.
David Derauf, M.D.
Naomi C. Fujimoto, Esq.
Patrick Gardner, Esq.
John H. Johnson
Nathan Nelson, Esq.
David J. Reber, Esq.

Executive Director

Victor Geminiani, Esq.

Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting SB 2609 Relating to Minimum Wage
Senate Committee on Ways and Means
Scheduled for Hearing February 26, 2014, 10:35 AM, Room 211

Hawai'i Appleseed Center for Law and Economic Justice is a nonprofit 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.

Thank you for the opportunity to testify in **strong support** of Senate Bill 2609, which would raise the minimum wage to **\$10.10, repeal the tip credit, and adjust future increases in the minimum wage for the Consumer Price Index.**

Our minimum wage workers work hard at jobs that are essential to our economy, but they haven't seen a raise going into eight years, while the average weekly income of all workers has grown 16% during this time. We should be sharing our state's prosperity with our minimum wage workers. Raising the wage makes sense: a growing body of research has established that raising the minimum wage does not decrease jobs (as evidenced by Hawai'i's own experience), but that it does reduce poverty and stimulate the economy. We also know that minimum wage workers do not fit the stereotype of a teenager working part-time: 85% of Hawai'i's minimum wage workers are over the age of 21, and 84% of them work at least 20 hours a week, with 30% working over 35 hours.

Hawai'i has the highest cost of living in the nation, at almost 60% of the national average. Yet our minimum wage of \$7.25 is as low as the federal level, and we are the eighth poorest state in the country. It's virtually impossible for a single minimum wage full-time worker to survive (*see budget on p. 2*), yet alone a family with children: a household with one minimum wage worker and one child falls 16% below the federal poverty guidelines. As a result, public expenditures must subsidize these low wages so families can make ends meet. But a minimum wage of \$10.10 would lift this same family out of poverty and closer to financial stability. The impact of poverty on children's education, health, and overall well-being is clear, and thousands of Hawai'i's low-income workers who would be affected by an increase in the wage to \$10.10 contribute substantially to the household's income.

We also support the **repeal the tip credit**. Doing so would allow workers to keep all of the gratuities that they have earned for their service. Customers' appreciation of quality service should go to the worker who provided this service, not to subsidize the employer's ability to pay below the minimum wage. Moreover, tipped workers are often not highly paid, with the average wages for a server below those of a cook. Many tipped workers do not work full time, and servers at Zippy's are not tipped like those at Roy's. Even for those who do earn well above the minimum wage with tips, as a matter of principle, there is no reason to begrudge hard-working tipped employees who are fortunate to earn closer to a living wage.

In order to ensure that our workers do not lose ground again, we support maintaining the buying power of minimum wage workers by **tying future increases in the wage to the CPI**. This will also spare the legislature from having to regularly revisit the issue—and from workers going years without a raise, as they have for almost the last eight years.

We can do better—and we must. It's time to raise the minimum wage so that our workers receive a fair day's pay for a fair day's work. Again, thank you for the testify in support of increasing of the minimum wage to **\$10.10, elimination of the tip credit, and indexing future increases to the CPI.**

Monthly Budget

What's it like to survive on minimum wage alone in Hawai'i?
Answer: you can't. Here's a sample budget for the minimum expenses of a single individual in Hawai'i:

Monthly Net Income

Income.....\$1160

(40 hours a week, minimum wage)

Monthly Expenses

Rent (Studio Apartment).....\$1,159

Transportation (bus pass).....\$60

Health Insurance.....\$17

Cable/Phone.....\$38

Electric.....\$70

Food.....\$288

Other.....\$0

Monthly Expenses Total.....\$1632

Monthly Spending Money.....-\$472

(Monthly Net Income minus Monthly Expenses Total)

Daily Spending Money Goal.....-\$16

(Must work an additional 16.3 hours per week to cover minimum expenses.)

*Does not include savings, child care, clothing, internet or any other necessities

Without food: expenses \$1344; monthly spending money -\$184

Hawai'i's Workers Can't Survive on Minimum Wage

Rental housing: According to the National Low Income Housing Coalition, fair market rent for a studio in Hawai'i is \$1,159. A one-bedroom runs \$1,278.

Transportation: A monthly pass for The Bus is \$60. The cost of owning a car in Hawai'i is considered the highest in the nation. Meanwhile, gas prices are continually the highest in the country and not included in the budget.

Health insurance: The Hawaii Prepaid Health Care Act has helped make sure that employees working over 20 hrs./week can afford health care. For single coverage, an employer must pay at least half of the premium cost, and the worker's contribution cannot exceed 1.5% of monthly gross wages.

Cable and phone: Oceanic offers basic cable and a land line for \$38. Low-speed internet is another \$25, and a very basic cell phone plan would tack on about \$35.

Electricity: Electricity costs are consistently the highest in the country. For a household of one, we estimate a bill of approximately \$70 per month.

Food: Food will cost a single adult in Hawai'i approximately \$293 per month based on the Thrifty Food Plan. This is the USDA's standard for a nutritious diet at a minimal cost and is used as the basis for SNAP benefits.

Savings and asset building: Almost 15% of families in Hawai'i are considered asset poor, meaning that they do not have sufficient net worth to survive three months at the poverty level in the absence of other income. Total net worth includes not only cash and savings, but also "durable assets," such as a home, car, or business, that would need to be liquidated to cover everyday needs. When only cash or other monetary assets are considered, 30% of Hawai'i's households do not have enough to live at the poverty level for three months without any other income.

For more information, please see hiappleseed.org/min-wage.



HEALTHYPACIFIC.ORG
restoringjusticehi@gmail.com

LEGISLATIVE TESTIMONY

SB2609
RELATING TO MINIMUM WAGE
Senate Committee on Ways and Means

February 26, 2014
10:35 A.M.
Capitol Room 211

Aloha mai kākou,

Mahalo nui loa for the opportunity to testify in **STRONG SUPPORT** of **SB2609**, which would better ensure that our hardest-working employees are provided with sufficient resources to ensure the health and well-being of their families and of our communities as a whole.

Economic disparities are a significant factor affecting the health outcomes of both communities and individuals. National and international health models now understand that systems of interrelated “social” factors are often the most significant determinants of health outcomes for both individuals and demographic groups. Safe housing conditions, access to healthy food, educational opportunities, and even walkable neighborhoods are all examples of social factors that can substantially increase the ability of individuals to make health-positive choices and maintain healthy lifestyles, reducing the need for costly, reactive healthcare services that do not intervene until after healthy individuals become sick. Systemic economic disparities, which can impact individuals’ and families’ ability to purchase healthy food, afford and maintain safe housing conditions, and access educational opportunities and resources, constitute another important factor within this “social determinants of health” paradigm. Accordingly, mitigating economic disparities by uplifting those with the most limited access to adequate financial resources may significantly improve health outcomes in our communities, saving both money and lives while making Hawai‘i a more healthy and wholesome place to live.

This bill will directly address a primary cause of negative health outcomes in our communities, by providing our hardest-working and lowest-paid employees with greater financial resources to ensure the health and well-being of themselves and their families. By eliminating the tip credit and establishing the minimum wage

relative to the consumer price index, this bill would also ensure that those earning the least in our communities have consistent access to a bare minimum of financial resources relative to our ever-changing cost of living. **Such consistency would allow for more predictable and effective public health planning, as well as provide the economic security necessary for individuals to focus on achieving and maintaining healthier lifestyles beyond that of basic subsistence.**

Accordingly, HealthyPacific.Org respectfully urges the Committee to **PASS** SB2609, and make Hawai'i a healthier and happier place for all who call these islands home.

Thank you very much for the opportunity to testify on this measure.



49 South Hotel Street, Room 314 | Honolulu, HI 96813
www.lwv-hawaii.com | 808.531.7448 | voters@lwvhawaii.com

COMMITTEE ON WAYS AND MEANS

Wednesday, February 26, 2014 at 10:35 a.m.
Conference Room 211
SB2609 RELATING TO MINIMUM WAGE
TESTIMONY (Support)
Beppie Shapiro for the League of Women Voters of Hawaii

Chair Ige, Vice-Chair Kidani, Members of the Committee:

The League of Women Voters of Hawaii supports SB2609 which incrementally increases the amount of the minimum wage, and provides for indexing the minimum wage to inflation. Since its founding in February 1920 the League has been working to improve the quality of life for Americans, striving first for child labor laws, a minimum wage and equal opportunity for women in government and industry.

The rationale for increasing the state minimum wage is well provided within the language of SB 2609. We also want to point out that when the minimum wage is increased, some families will see their household income increase so they will no longer receive public benefits such as food stamps, food banks, shelters or public housing or Medicaid. (This would be true e.g. for some families where one worker already earns substantially more than the minimum wage, but another earns the minimum wage.) These families will cost the public less than they do now.

Further, every dollar received by these very low income workers will undoubtedly be spent on necessities of life, thus adding to consumer spending and tax revenue for the state.

Research comparing similar states and localities in which one has increased the minimum wage while another state or locality has not, shows that increasing the minimum wage does not have much discernible effect on employment – perhaps due to the increased consumer spending referred to above, or to the needs of employers.¹

A just society rewards workers by compensating their labor fairly. An ethical society allows those who contribute by their labor, to receive wages they can live on. SB 2609 moves Hawai'i toward justice.

We urge you to pass this bill. Thank you for the opportunity to submit testimony.

1

Schmitt, John. "Why Does the Minimum Wage Have no Discernible Effect on Employment," Center for Economic and Policy Research, February 2013.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: kat.caphi@gmail.com
Subject: Submitted testimony for SB2609 on Feb 26, 2014 10:35AM
Date: Tuesday, February 25, 2014 8:59:58 AM

SB2609

Submitted on: 2/25/2014

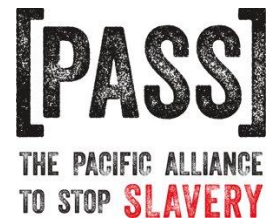
Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Kat Brady	Community Alliance on Prisons	Support	No

Comments: A rising tide lifts all boats! Please support this measure. Mahalo nui.

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



February 24, 2014

COMMITTEE ON WAYS AND MEANS

Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair
Senator Suzanne Chun Oakland
Senator Ronald D. Kouchi
Senator Donovan M. Dela Cruz
Senator Russell E. Ruderman
Senator J. Kalani English
Senator Laura H. Thielen
Senator Will Espero
Senator Jill N. Tokuda
Senator Gilbert Kahele
Senator Sam Slom
Senator Gilbert S.C. Keith-Agaran

NOTICE OF HEARING

DATE: Tuesday, February 26, 2014
TIME: 10:35am
PLACE: Conference Room 211, State Capitol, 415 South Beretania Street

**RE: TESTIMONY IN STRONG SUPPORT OF SB2609
RELATING TO MINIMUM WAGE**

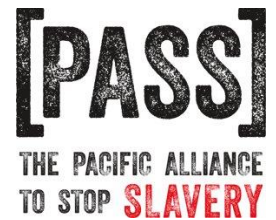
Aloha, Committee on Judiciary and Labor:

I have an ongoing petition of over 2800 signers, mostly voters in the State of Hawaii, who are in support of SB2609. You may view the petition here: <http://change.org/petitions/1364985>

Also, on behalf of the The Pacific Alliance to Stop Slavery (PASS), I strongly support SB2609 and kindly urge the committee to pass this measure which would directly reduce poverty and allow for a living wage for Hawaii's hard-working citizens. According to the MIT Minimum Wage Calculator for Honolulu County, the minimum wage should be \$12.91 for a single person and \$25.83 for a single parent with one child¹.

PASS also strongly urges the committee not to amend SB2609 to alter its language seeking to repeal the tip credit or delete its language that would automatically link future increases of the minimum wage to inflation. It is an economic principle that increasing income increases the demand for natural goods, which directly benefit businesses; however, not all business persons realize this as they do not require macroeconomics in business school.

¹ Poverty in America: Living Wage Calculator. Massachusetts Institute of Technology. Retrieved on January 23, 2014, from: <http://livingwage.mit.edu/counties/15003>



Some may not quickly make the connection between raising the minimum wage and preventing human trafficking, but there is indeed a strong connection. Economists on both sides of the argument both agree that raising the minimum wage is [directly linked to reducing poverty](#)². Reducing poverty by acts such as raising the minimum wage, **prevent** serious travesties of justice such as trafficking.

It is in a state of poverty and desperation when human trafficking offenses flourish. Demand and supply for trafficking spikes when communities fall into poverty. According to the State Department of Human Services, between 2012 and 2013, Hawaii's rate of houseless persons increased 4.6% on Oahu. What's worse, our rate of unsheltered houseless families with children increased 5% on Oahu.

Children in poverty are highly vulnerable to both sex and labor trafficking. Additionally, it is incredibly difficult, when helping to heal a survivor and reintegrate them into the workforce, to convince them that working for minimum wage is the path to freedom. All of Hawaii's people, especially our survivors, deserve to be able to maintain a basic standard of living on minimum wage.

These are the reasons why PASS urges you to pass SB2609 as a step to preventing the poverty that leads to travesties of justice such as trafficking.

Sincerely,

Kathryn Xian
Executive Director

² Konczal, M. (2014) *Economists agree: Raising the minimum wage reduces poverty*. The Washington Post. Retrieved on January 23, 2014, from: <http://www.washingtonpost.com/blogs/wonkblog/wp/2014/01/04/economists-agree-raising-the-minimum-wage-reduces-poverty/>



Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair
Committee on Ways and Means

Lane T. Muraoka, Owner
Big City Restaurants, Inc.
94-800 Ukee Street, Suite 305
Waipahu, HI 96797
Ph # (808)678-3895

Tuesday, February 25, 2014

In opposition to S.B. No. 2609, (SSCR2059), Relating to Minimum Wage

Chair Ige, Vice Chair Kidani and members of the Senate Committee on Ways and Means, I would like to thank you for the opportunity to testify on Senate Bill 2609. My name is Lane Muraoka and I am owner of Big City Restaurants. We currently have 5 restaurants on Oahu. We operate our restaurants as "old style Hawaii diners" that take pride in service, quality food and value. We are here today as Senate Bill 2609, as written today, threatens all three of the areas we take pride in and in many cases our very existence.

The strongest points regarding raising the minimum wage have already been made by the non-partisan Congressional Budget Office. While nationally, 900,000 people might be lifted out of poverty, businesses like mine will have to compensate and it will result in a loss of 500,000 jobs nationally. Big City Diner would not be an exception. Our community outreach would be severely impacted, both with charitable giving as well as our ability to hire second chance and National Guardsmen.

Our Human Resources and Accounting departments have put together a projection as to what the financial impact will be to our restaurants will be under the current bill. As of 2017 we will be faced with an additional \$772,733 (\$154,547 per restaurant) in annual labor cost. Add in the increase in utilities, meat prices, beverage prices and insurance (medical & dental) and you'll see why we can't have this bill pass. Increases of this magnitude will lead to two things happening. First, our prices will

increase, which ultimately leads to a decrease in customers and a decrease in revenue. Secondly we will have to decrease our staff size.

Many people testifying on behalf of this bill says it won't have a major impact and that we will be able to absorb the increases. I ask you to do some basic math. Currently, labor accounts for 35% of every dollar, the cost of goods sold currently runs about 35% (higher in higher priced restaurants), and other expenses (utilities, insurance, rent and others) run about 29% to 32%. If you do the math, you will see a basic restaurant functions between a 1% profits to 2% loss. This doesn't even include a reinvestment into assets. Now let us add in the \$772,733 increase in labor cost. **WHERE DO WE GO FROM HERE?** Any attempt to raise prices to absorb this type of increase will be countered by a loss of revenues. Our customers will lose trust in us.

There are numerous points than can be and should be made about the impacts of this bill. There are also many comments that need to be made of the testimony given to the Labor Committee on behalf of this bill. For the sake of expediency, I will only list a few:

- 1) Minimum wage positions are designed and meant to be entrance level jobs for individuals with little or no work experience and/or education. Employers, like Big City Diners, spend an extraordinary amount of money training these individuals to move up in the workforce. We receive no compensation for doing this, and our reward is that quality employee's move on to other companies. Raising the minimum wage to the proposed levels with force us to only bring in qualified staffing. We will not be able to afford the start-up expense for individuals.
- 2) Big City Diner strongly supports our military and their families, National Guard employees and second chance employees. We recently signed agreement to work with an organization to give National Guard employees a chance at employment. Their need for additional time off for maneuvers is costly. We proudly work with them. These areas may be impacted indirectly by passing of this bill. Who will help these groups?
- 3) Big City Diner, as many of our competitors works with non-profits through fund raising and outright contribution of products. How will we be able to continue this? Remember, tax breaks for donations won't help when you are losing money.
- 4) We must keep in mind minimum wage positions are the base positions in most organizations. Contrary to other testimony, when you increase the base pay, you are not just impacting the small percentage of employees in these positions. The increase will cause a ripple effect through the entire rate structure of an organization. When this rate increase is passed, every Union in the State of Hawaii will be asking for a rate adjustment on the entire pay structure. If this happens, many small businesses in our State will have absolutely no chance of surviving. If they don't comply, they will lose staff and be labeled as unfair to labor.

- 5) Tip credits are in place to help prevent a distortion in an employer's rate structure. Rate structures are created to help reward employees with work experience and/or education. While most tip employees are paid at the minimum wage level, their overall compensation is much higher. Tips more than double and in many cases triples their base pay. The average tip classified employee with Big City Dine will make close to \$21.10 per hour. At this pay level, they are getting paid more than other individuals with more experience. Some individuals say they earned it! Keep in mind when a guest leaves a good tip, it is to reward and all around quality experience. This includes cooks, food prep dishwashers, etc. The tip credit has increased \$.25 over the same period the minimum wage has increased \$5.65. Increasing the minimum wage without increasing the tip credit just encourages unfair pay practices. Isn't this what we are trying to fix?

In conclusion, based on the above mentioned items, I must oppose the passing of Senate Bill No. 2609. I look forward to working with you to help develop a bill that will address the needs of all parties.

Thank you for your consideration.

A handwritten signature in black ink, appearing to read "Lane T. Muraoka", with a large, stylized flourish extending to the right.

Lane T. Muraoka
Owner
Big City Restaurants, Inc.



Executive Officers:
Stanley Brown, ConAgra Foods - Chairperson
John Schilf, RSM Hawaii - Vice Chair
Derek Kurisu, KTA Superstores - Treasurer
Lisa DeCoito, Aloha Petroleum - Secretary
Lauren Zirbel, Executive Director

1050 Bishop St. PMB 235
Honolulu, HI 96813
Fax : 808-791-0702
Telephone : 808-533-1292

TO:
SENATE COMMITTEE ON WAYS AND MEANS
Senator Ige, Chair
Senator Kidani, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 26, 2014
TIME: 10:35am
PLACE: Conference Room 211

RE: SB 2609

Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers and distributors of food and beverage related products in the State of Hawaii.

This bill contains elements which could put many retailers out of business; cost jobs for workers here in Hawaii; and dramatically increase the price of food for everyone.

Increasing the minimum wage by so much so quickly makes it almost impossible for food retailers to budget these new wages for their businesses.

Tying minimum wage to the unpredictable price index means that it would be impossible for business owners and managers to create budgets in advance. For many businesses this could mean it is impossible to do business at all.

Hawaii has one of the lowest unemployment rates in the nation. Economists uniformly agree that most employees earn far more than the minimum wage; and that a minimum wage increase actually causes a reduction in the number of entry-level jobs because of the increased cost to employers to maintain such jobs. The real cost to business includes all of the other employee benefits and taxes that are tied to the employee wages. Those include, social security tax, unemployment tax and workers compensation premiums. These increase the cost of employing workers, which reduces the number of available jobs. Increasing the minimum wage will require employers to pay additional costs after adding the additional taxes of FICA, Medicare and FUTA. The end result of this is that businesses will have to get rid of employees in order to stay open.

The recent report by the Congressional Budget Office concurs that increasing minimum wage will cost jobs and

increase inflation, and also notes that the benefits of the increase will not go exclusively or even primarily to low income families.

If this measure is passed it will not only have negative consequences for the businesses that have to shut down, and the employees who can't afford to be kept on the payroll; this will affect food prices for all residents of Hawaii. Such a dramatic increase in labor costs will create inflation and will inevitably drive up the cost of food.

Due to the fact that we live in an isolated island state with extremely expensive labor and healthcare regulations we already pay high prices for food and other goods. Some of these food cost factors are unavoidable, but arbitrarily skyrocketing the cost of labor is something that can be avoided. Making it so much more expensive to do business is a cost that will ultimately be borne by the consumers.

Due to the highly competitive nature of the food industry, food retailers operate at a profit margin of around 1 percent. These retailers are valuable parts of our communities and our economy and are not in a position to shoulder drastic and unpredictable increases. If you are intent on passing this bill please lower the increase per year to no more than 25 cents a year over three years and do not tie the minimum wage to CPI.

If enacted in its current form this bill 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. Arbitrarily raising the minimum wage will hurt businesses in Hawaii at a time when we should be looking to grow our economy, support local businesses, keep our unemployment rate low, and keep food costs down.

On behalf of our members we strongly encourage you to vote no on this measures.

Thank you for the opportunity to testify.

Dr. Martin Luther King Jr. Coalition Hawai'i
www.mlk-hawaii.com & mrjoy@hawaii.rr.com

Testimony in Strong Support of S.B 2609

COMMITTEE ON WAYS AND MEANS
Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair

DATE: Wednesday, February 26, 2014
TIME: 10:35 a.m.
PLACE: Conference Room 211
State Capitol * 415 South Beretania Street

Aloha Senators,

The minimum wage is a women's issue

We request that you honor the dignity of work by passing these bills for raising the minimum wage to \$10.10 and amend to include no tip credit and ties to the consumer price index.

The majority of minimum wage workers are women. The majority of tipped workers are women. Some of these women are head of household. Countless numbers of these families are "houseless", because they cannot afford a home of their own. They are sharing a place to live with their parents, other relatives or friends.

A full time **minimum wage** worker in Hawaii working will earn \$290.00 per week, or \$15,080.00 per year. **Hawaii's minimum wage** rate as of January, 2014 is below the National Poverty line. The poverty rate is typically quoted as gross annual income. As you know Hawaii is the most heavily taxed state in the United States. Even food and medicine are taxed. That really puts a family below the poverty line, or the working poor as they are labeled.

The state minimum wage is the same for all individuals, regardless of how many dependents they may have. Therefore, it is easy to see why Hawaii has so many "houseless families", multigenerational, multifamily dwellings. Significant numbers of working people simply do not earn enough to feed and house themselves.

A typical family with two adults and two children needs at least \$25.00 an hour. The current \$7.25 is a long way from a living wage.

Since the majority of minimum wage earners are women with families. They are working two jobs just to put food on the table. When Mom is working two jobs what happens to the children? According to HPD statistics, 3:00 pm is the busiest time for the police and has the most incidents in a 24 hour period.

Child care is about \$1,300 a month.

Food is more than \$900 a month.

Housing is more than \$1,500 a month.

Medical care is more than \$500 a month (children always need medical care) Most minimum wage jobs don't provide health insurance to their employees. And none of these costs include out-of-pocket costs like rising deductibles or prescription drugs and visits to the Dentist and prescription eyeglasses.

Have you ever wondered why low income people are over weight? It is simple; they eat the \$1.00 meals at McDonalds. And those meals are fating and not wealthy, thus more trips to the emergency room.

If the minimum wage was raised to where it should be, at least \$10 per hour (which would still put it below the minimum wage in 1968), this would release at least \$60 billion over two years into the economy.

On top of this, an increased minimum wage may also lead to an increase in the hourly pay of other low-wage workers that only make slightly more than the federal minimum wage. This increased purchasing power across the board helps stimulate the economy and benefits small businesses, many of which were hardest hit by the recession.

If we look at realistic figures for expenses incurred by a family of four, the annual budget tops out at about \$37,057.56. Even with two minimum wage earners working 40 hours per week, this family cannot simply afford the basic necessities – in fact they end up in debt by slightly more than \$8,000 each year.

According to U.S. Department of the Census; Current Population Survey March Supplement 2013, Micro Data Set, "a significant number of minimum wage workers

and those earning up to \$9.50 receive welfare and food stamps". That is an indication of how serious poverty is among minimum wage and low wage workers. It would be better to raise the wages and have tax payers than tax takers.

This legislation is to reduce poverty. The tip credit should be eliminated. It serves no useful purpose. The tip credit works to reduce wages and income for participants. The tip credit introduces a reverse means test into the minimum wage.

Hawaii is already a service economy and as large multinational corporations break Union contracts, reduce wages, pensions and medical care from employees, Hawaii will become a third world Island.

Mahalo

MarshaRose Joyner

Past President –Dr. Martin Luther King, Jr. Coalition Hawaii

mrjoy@hawaii.rr.com

808-741-4612



National Association of Social Workers Hawai'i Chapter

February 24, 2014

TO: Senator David Y. Ige, Chair Senate on Ways and Means
Senator Michelle N. Kidani, Vice Chair,
and Committee Members

February 26, 2014 at 10:35 a.m. Conference Room 211

FROM: Marty Oliphant, Executive Director
National Association of Social Workers, Hawaii Chapter

RE: SB 2609 - **SUPPORT**

Senator Ige Chair, Senator Kidani Vice Chair, and members Senate Committee on Ways and Means, my name is Marty Oliphant. I serve as the Executive Director of the National Association of Social Workers, Hawai'i Chapter (NASW). NASW strongly supports SB 2609 Relating to Minimum Wage.

We want to thank you for your consideration regarding this important and long overdue measure. Increasing the minimum wage has not been a reality since 2007. Hawai'i is the most expensive state to live in, yet 21 states and the District of Columbia have a higher minimum wage. Critical workers that make minimum wage are falling further behind in making ends meet which causes financial binds for individuals and families. These binds have created a heavy reliance on government subsidies. According to Research and Statistics Office, Department of Labor and Industrial Relations, 1 in 5 minimum wage earners use such programs as Supplemental Nutrition Assistance Program (SNAP), Medicaid, and Department of Education free or reduced price school lunches.

We would advocate for the immediate increase of the minimum wage to \$10.10. However, the progressiveness of the increase of the minimum wage, as detailed in this measure, does allow for businesses (including small businesses) the opportunity to address the growing need for the increase overtime. To summarize simply, we quote the measure itself, "The purpose of this ACT is to give Hawai'i workers a higher wage that recognizes the increases in the cost of living and enables them to build a better life" (pg. 4).

The increase may contribute to better outcomes for children and families

I urge your favorable consideration of SB 2609.



To: Senator Ige, Chair
Senator Kidani, Vice Chair
Committee on Ways and Means

From: Melanie Bailey
T S Restaurants Hawaii
Human Resources Manager

Hearing: February 26, 2014

RE: SB2609, Relating to Minimum Wage – INCREASE THE TIP CREDIT

We are in support of the intention to increase wages for low wage earners but **opposed** to this version which eliminates the tip credit and ties future increases to the CPI.

Many have cited President Obama’s commitment to raising the minimum wage. In his proposed “Fair Minimum Wage Act of 2013” as minimum wage rises the tip credit would remain at 70% of minimum wage.

From that proposal we suggest the following, but increase our current 3 percent tip credit!

Minimum Wage for Tipped Employees shall be not less than 70 percent of the applicable minimum wage in effect, rounded to the nearest multiple of \$0.05.

T S Restaurants is a family owned company with eight locations on Oahu, Maui, and Kauai, employing 1400 Hawaii residents.

Many in testimony have quoted tipped employees average hourly wage to be less than ten dollars an hour. We strongly disagree with that statement.

Tipped versus Non-Tipped Employees: In our company, two-thirds of our employees make \$7.25, less the \$.25 tip credit an hour, plus tips; they are the “front of the house” employees: Servers, Bartenders and support personnel like Bussers. With tips they average \$23 an hour. This is consistent with other restaurants of all sizes that we have spoken with. As a result of tips earned, Front of the House employees are not minimum wage earners. Many work part time with school and family obligations but based on forty hour weeks that would be an annual income of \$47,000. Their income has slowly risen and will keep rising through the years as menu prices increase. Higher check average = more tips. In fact, an increase in the minimum raise, will increase their annual income, since menu prices will increase and therefore their tips.

Unfortunately, this is not the case for other restaurant employees. Unlike tipped staff, most “back of the house” kitchen employees’ (dishwashers, cooks, and cleaning staff) work full time. Currently, our restaurant kitchen wages range from \$10-\$20 an hour, averaging \$13.76. Other restaurants we have surveyed pay their kitchen staff starting wages of \$7.25-\$10 an hour with a high of \$11-\$20. They receive no additional income from tips.

Negative Impact on Non-Tipped Restaurant Employees, without an increase in Tip Credit: A minimum wage increase will immediately raise the menu prices in all Hawaii restaurants. Our primary concern is to insure that increase in minimum wage benefits primarily our Kitchen employees whose wages are not augmented with tips. It is critical that the tip credit be increased to insure EQUITY among restaurant employees, and to keep restaurants in business.

Tip income is another expense. The restaurant business is a fragile industry with a high failure rate. They operate on tight profit margins and are dependent on many factors to be successful.

In addition: Employers pay taxes and insurance on tipped income. A recent analysis of one of our restaurants showed tax and insurance payments based on tips to be \$256,000. That same restaurants tip credit only equaled \$21,000. The tip credit was designed in part to assist restaurants in offsetting this expense.

SUGGESTED LANGUAGE-CURRENT HAWAII LAW

The hourly wage of a tipped employee may be decreased on account of tips if the employee is paid not less than \$7.00 an hour by the employees’ employer as long as the combined amount the employee receives from the employer and in tips is at least ~~50 cents~~ \$3 more than the applicable minimum wage.

We hear the concern over the variability of the customer tips. We propose an increase to the following language which is unique to Hawaii. This would ensure an hourly rate of at least \$3 over minimum wage in order to claim the tip credit.


An increase in minimum wage may prevent increases in the future because if we increase the wages of our tipped employees, we will be hard pressed to continue to raise the rates of our back of the house support staff and wages for new hires may be reduced.

We feel this has the opposite effect of the intent of this bill, which we understand to be to increase the income of the lowest wage earners.

Creating Equity: If minimum wage is increased, correspondingly increase the tip credit. This way, restaurants can increase wages for the non-tipped employees who would benefit the most.

Thank you for your time. Mahalo!

Contact Information:
Melanie Bailey
Human Resources Manager
T S Restaurants Hawaii
2530 Kekaa Drive
Lahaina, HI 968
808.277.5121
Melanie@tsrestaurants.com

Sailors' Union  *of the Pacific*

TELEPHONE (415) 777-3400
CABLE ADDRESS "SAILORS"

FAX (415) 777-5088

BRANCHES PHONE

SEATTLE, 98106 • 2414 SW ANDOVER ST, SUITE F105 • (206) 467-7944
WILMINGTON, 90744 • 533 N. MARINE AVE. • (310) 835-6617
HONOLULU, 96813 • 707 ALAKEA ST. • (808) 533-2777

GUNNAR LUNDEBERG • PRESIDENT/SECRETARY-TREASURER

HEADQUARTERS: 450 HARRISON STREET
SAN FRANCISCO, CALIFORNIA 94105



February 5, 2014

Aloha,

The Sailors Union of the Pacific (SUP) strongly supports a minimum wage increase of \$10.10 an hour.

We strongly support repeal of the tip credit, and strongly oppose any efforts to raise the tip credit.

Mahalo,

Michael Dirksen
Honolulu Branch Agent
Sailors Union of the Pacific
707 Alakea St.
Rm. 101
Honolulu, Hi. 96813
808-533-2777
suphono@suphono.com



House of Representatives
Twenty-Seventh Legislature, 2014
State of Hawai'i

TO: Honorable David Y. Ige, Chair
Honorable Michelle N. Kidani, Vice Chair
Members of the Committee on Ways and Means

DATE: Wednesday, February 26, 2014

TIME: 10:35 a.m.

PLACE: Conference Room 211
Hawai'i State Capitol
415 South Beretania Street
Honolulu, Hawai'i 96813

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

RE: SENATE BILL 2609, RELATING TO MINIMUM WAGE

Chair Ige, Vice Chair Kidani, and members of the Committee,

Thank you for the opportunity to testify in opposition of SB 2609. 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.

TO: Senate Ways and Means

FROM: Mr. Orrin Cross – General Manager @ Hula Grill

RE: SB2609 - Relating to Minimum Wage (Increase the Tip Credit)

Aloha,

I am writing this letter in support of the February 26, 2014 hearing to increase the minimum for low wage earners. I am opposed to this current draft, an amendment to the bill has to be attached so the intentions of the bill will not be diluted. I am in favor of the bill but with an increased tip credit attached.

Each year brings new challenges to the business climate. Rising cost of goods, fuel prices and health care make the business environment difficult to survive. Labor with benefits represent 35% of the money we take in. Restaurants run on small profit margins that are easily pushed into the red.

The Hula Grill employs approximately 200 employees. Of those employees, about 120 are currently making \$7.00 per hour with a .25 an hour tip credit. Their wages average from a low of \$18.47 up to a high of \$34.72. Your intentions are not to give this pay group a raise!

Our kitchen and maintenance staff currently averages \$14.05 per hour. When the increase of minimum wage goes through, it will affect this group of employees negatively. Not only will they not receive a raise from the increase, we will be forced to pay the servers, bus staff etc. more, taking away future money that would be available for increases.

Please consider the negative impact this will put on all Hawaii restaurants. We are a huge source of income for the state but need to make a profit to continue to contribute. Thank you for your time and consideration.

PLEASE ADD AN AMENDMENT TO THE BILL

Thank You,

**Orrin Cross
Hula Grill
2435 Kaanapali Parkway
Lahaina, HI 96761**



PARTNERS IN CARE Oahu's Coalition of Homeless Providers

TESTIMONY IN SUPPORT OF SB 2609: RELATING TO MINIMUM WAGE

TO: Senator David Ige, Chair; Senator Michelle Kidani, Vice Chair; and members of the Senate Committee on Ways and Means

FROM: Peter K. Mattoon, Advocacy Committee Co-Chair, Partners In Care

Hearing: **Wednesday, February 26, 2014, 10:35 AM, Room 211**

Dear Chair Ige, Vice Chair Kidani, and members of the committee,

Thank you for the opportunity to provide testimony **in strong support** of SB 2609, to incrementally raise the minimum wage to \$10.10 in 2017, repeal the tip credit, and automatically adjust future wage increases for the Consumer Price Index. I am Peter K. Mattoon, and I am an Advocacy Committee Co-Chair for Partners In Care (PIC), a coalition of care providers focusing on the needs of homeless persons and strategies to end homelessness.

Homelessness is a pressing social crisis, and Hawai'i has the highest rate of homelessness in the nation. Many factors contributing to chronic, individual, and family homelessness. But for many households, especially families, their low income relative to the high cost of living—which is twice the national average—means they can barely make ends meet and risk or actually experience homelessness.

Partners In Care supports this increase to the minimum wage as a way to prevent homelessness and help households transition out of homelessness. Low-income families, especially those in poverty, struggle just to pay for necessities, including housing, with virtually none left over to save for a rainy day. Thirty percent of Hawai'i's families are liquid asset poor, meaning that they do not have enough in easily-liquidated assets to survive at the poverty level for three months. A 2006 study found that 170,000 people on Oahu alone were three paychecks away from homelessness. When these families are hit with a financial crisis, such as the loss of a job or medical emergency, they are greatly at risk of losing their housing.

We also see households who have worked hard to get their lives back on track and find employment struggle to find affordable housing. As a result, these households who are ready to work and live in permanent housing are stuck in transitional housing because they cannot find units affordable for those working at minimum wage. A two-bedroom apartment at fair market rent costs \$1,671. A minimum wage worker would need to work 177 hours per week, 52 weeks a year for this rent to be affordable (less than 30 percent of their income), or a household would need 4.4 minimum wage workers working full time to make this rent. Unsurprisingly, many of our low-income families are severely cost-burdened. Three out of four households at less than 30 percent of the area median income (\$17,000 for a single person; \$24,250 for a household of four) are paying more than *half* of their income toward rent. The 2010 Homeless Services Utilization Report found that more than half of homeless families had at least one adult working full or part-time, and that an inability to afford rent was a cause of their homelessness for 56 percent of all homeless families.

Adequate wages for all of our families are critical to ending and addressing homelessness. This bill will help families escape poverty and also ensure that the buying power of their wages keeps up inflation. Again, thank you for the opportunity to testify in **strong support** of SB 2609. We respectfully urge you to pass this bill unamended.

Partners In Care, c/o Aloha United Way, 200 N. Vineyard Blvd. Suite 700
Honolulu, Hawai'i 96817



February 25, 2014

Senate Committee on Ways and Means
Senator David Ige, Chair
Senator Michelle Kidani, Vice Chair

Testimony in strong support of SB2609

Pride At Work Hawai'i, which advocates for full equality and inclusiveness for lesbian, gay, bisexual, transgender, intersex, and queer workers and our families, strongly supports SB2609, which would increase Hawai'i's minimum wage to \$10.10/hour by 2017, repeal the tip credit, and peg future increases to the cost of living.

Raising the minimum wage will promote Hawai'i's economic recovery and help lift our families out of poverty and toward financial security, create economic opportunity and improve stability for all of our workers. Increasing the minimum wage is especially important for women, LGBT workers, and immigrants, who are more likely to be low-wage earners.

Minimum wage workers are critical to our economy, but are falling further and further behind in their ability to make ends meet. Hawai'i's minimum wage earners are going into their 8th year without a raise while average weekly earnings have increased by 16%. 85% of minimum wage earners are 21 and older, 84% of minimum wage earners work 20 or more hours a week, and 30% work more than 35 hours a week. If the minimum wage is increased to \$10.10 per hour, as proposed in this bill, it would be enough to pull a family of three out of poverty. It's long past time for a substantial minimum wage increase.

We also strongly support repealing the tip credit. The minimum wage is supposed to be an actual minimum, not a way for employers to get around paying the minimum wage. The average tipped worker earns just \$9.87 per hour, and tipped workers are more likely to live under the federal poverty guidelines. Restaurant servers, the largest group of tipped workers, experience poverty at nearly three times the rate of the workforce as a whole. As a result, 7 states allow no tip credit at all. It's time Hawai'i stop selling out tipped workers by getting rid of the tip credit.

Future increases should also be automatically pegged to be no less than the cost of living. Low wage workers need to know that their earning power will not decrease based on politics.

Thank you for the opportunity to testify in support of SB2609.

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



To: Senate Committee on Ways and Means
From: Shaughn Helliar
General Manager
Hearing: February 26, 2014
RE: SB2609, Relating to Minimum Wage

Duke's Beach House Maui is in support of the intent to increase wages for lower wage earners; however we are **opposed** to this draft and do request the following amendment.

A minimum wage increase that congruently increases the tip credit by the same value, as an increase in the tip credit will enable it affordable for restaurants to increase pay rates for non-tipped employees creating greater equality in wages.

Duke's Maui, has approximately 180 employees. 135 work in the front of the house, with more that 95% making \$7.25 minimum wage less tip credit of .25 an hour plus tips. Their average hourly wage with tips in 2013 was \$23.05. This average goes up annually as our menu prices increase.

Conversely, our non-supervisory Kitchen employees average \$15.06 an hour. We value our Kitchen employees and all earn greater than the current minimum wage, however not comparable to those employees that earn wage + tips.

Any increase in minimum wages for tipped employees which are 2/3rds of our staff will, needless to say reduce any chance of any further in-house wage increases for the non-tipped kitchen employees. Possibly even create a reduction in new employee starting rates.

We feel this is has the opposite effect of the intent of this bill.

Without a corresponding change in the tip credit, we will be giving an increase to the wrong group of employees. If minimum wage is increased, correspondingly increase the tip credit. This way, restaurants can increase wages for the non-tipped employees who would benefit the most.

Thank you for your efforts.

Dukes Beach House Maui Management.



**Testimony to the Senate Committee on Ways and Means
Wednesday, February 26, 2014 at 10:35 A.M.
Conference Room 211, State Capitol**

RE: SENATE BILL 2609 RELATING TO MINIMUM WAGE

Chair Ige, Vice Chair Kidani, and Members of the Committee:

The Chamber of Commerce of Hawaii ("The Chamber") **opposes** S.B. 2609 Relating to Minimum Wage.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 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 repeals the tip credit and raises the minimum wage from the present \$7.25/hour to:

- \$8.20 per hour on January 1, 2015
- \$9.15 per hour on January 1, 2016
- \$10.10 per hour on January 1, 2017
- Then beginning in every year thereafter tied to the CPI-W index

This bill will **increase the minimum wage by \$2.85 per hour in two years**. This is a huge increase for business at a time when the economic recovery for many industries and businesses is still fragile. **This bill harms local businesses, the state economy and job creation because it contains a steep increase in the minimum wage, provides automatic increases per CPI, and removes the tip credit.**

Hawaii is Different: Prepaid Healthcare Mandated Premium Costs for Employers

There has been much discussion that Hawaii should join the large rise in the minimum wage, similar to other states. Please keep in mind that Hawaii is the only state that mandates employers to provide health care to its employees including part time employees (20 or more hours per week). In addition, 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 benefit costs and taxes.**

The average annual premium for a single employee is about \$5,500. This benefit is almost entirely paid for by business. If you add this cost to the present minimum wage for a full time employee, the actual benefit to a minimum wage employee is **\$9.79 per hour**, or the highest in the country. Including payroll taxes, the present minimum wage cost is about **\$10.87 per hour**. Below is a chart of information for the present wage and proposed increases from SB 2609, not including CPI.

Cost for a minimum wage employee including health care premiums (\$5,500 annual premium cost and then prorated by hour with 1.5% wage cap)											
Present Min. Wage			1st Year Increase			2nd Year Increase			3rd Year Increase		
Hourly	Cost of Prepaid Healthcare Full time	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare Full time	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare Full time	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare Full time	Total Hourly Cost
\$7.25	\$ 2.54	\$ 9.79	\$8.20	\$ 2.52	\$ 10.72	\$ 9.15	\$ 2.51	\$ 11.66	\$10.10	\$ 2.51	\$12.61
Hourly	Cost of Prepaid Healthcare for 30 hours per week	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare for 30 hours per week	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare for 30 hours per week	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare for 30 hours per week	Total Hourly Cost
\$7.25	\$ 3.42	\$ 10.67	\$8.20	\$ 3.41	\$ 11.61	\$ 9.15	\$ 3.39	\$ 12.54	\$10.10	\$ 3.39	\$13.49
Hourly	Cost of Prepaid Healthcare for 20 hours per week	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare for 20 hours per week	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare for 20 hours per week	Total Hourly Cost	Hourly	Cost of Prepaid Healthcare for 20 hours per week	Total Hourly Cost
\$7.25	\$ 5.18	\$ 12.43	\$8.20	\$ 5.17	\$ 13.37	\$ 9.15	\$ 5.16	\$ 14.31	\$10.10	\$ 5.16	\$15.26

Keep in mind that premium increases for small businesses are about 6-10% each year. On top of that, ACA federal and state taxes and fees will increase premium amounts this year and next year by about 4%. We expect prepaid premiums for single coverage to be over \$6,000 per employee per year next year.

Many businesses have faced uncontrollable increased costs in their prepaid healthcare premiums. The average annual premium for a single employee is almost \$5,500. This benefit is almost entirely paid for by business. With premiums rising 7-10% each year, and employers paying on average 90% of the premium, this represents a 2.7% to 3% increase in compensation to the employee.

Job Growth Data Unclear

There is a great deal of data and studies on whether or not an increase in minimum wage affects job growth. Much of the research is based on national studies. Below is a chart that shows some data that reflects some business concerns. Keep in mind that this is not part of a longitudinal data survey but some snap shot stats of some of the low end wage occupations that the increase hopes to help. As you can see, while there is 3% growth for all sectors during the last minimum wage increase, **low wage earners in the food industry lost jobs.**

Hawaii								
Occupation	2005	Med. Hrly.	2006	% Change	Med. Hrly.	2007	% Change	Med. Hrly.
All occupations	583,630	\$14.39	599,130	3%	\$14.97	610,310	2%	\$15.54
Food prep and serving	70,850	\$8.92	71,290	1%	\$9.14	72,070	1%	\$9.75
Combined food prep and serving workers	10,120	\$7.24	9,710	-4%	\$7.39	9,270	-5%	\$8.26
Counter attendants, cafeteria, food and coffee shop	6,360	\$7.32	5,630	-11%	\$8.03	5,280	-6%	\$8.63
Dining room and cafeteria attendants and bar helpers	4,440	\$9.59	4,540	2%	\$9.30	3,880	-15%	\$10.15
Source: www.bls.gov								

Minimum Wage is Floor Wage

We would also like to point out that the minimum wage is a floor wage. For many employees, it is their first job and generally, 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.

We further **oppose the repeal of the tip credit**. We feel that if there is an increase in minimum wage, there should likewise an equivalent increase in the tip credit.

Large increases would negatively impact business

While only a small percentage of workers make minimum wage, a large increase would 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 1 year ago and earns \$8.50 per hour and Lisa just started and is under the new law at \$8.00 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 15-20% in the first year alone.

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. Within 5 years of the enactment of the escalator the **minimum wage could be over \$10.60 per hour**. When you include all the taxes associated with wages, this makes the wage cost around **\$11.80 per hour** (Not including healthcare and other costs). This rate is unsustainable.

Important Considerations

With this large increase in the minimum wage, some businesses may have to cut back hours, reduce benefits, or limit hiring of new employees. This does not even project what will happen at the next economic slowdown. Also keep in mind that this will put a strain on unskilled workers in the marketplace especially if the economy experiences a decrease.

Thank you for this opportunity to express our views.



02/24/14

Senate Ways and Means Committee
Chairman David Y. Ige
Vice Chair Michelle N. Kidani
Committee Members:

I am in opposition to SB2609 because the Tip Credit is eliminated and the minimum wage is tied to a CPI factor which does not necessarily relate to a business's ability to increase wages or prices.

I am not opposed to modest increases in the minimum wage over time.

However, eliminating the Tip Credit is absolutely counter productive to increasing the wages of the lowest paid workers in Hawaii's largest private sector employer, the hospitality industry.

Tipped employees earning 2 to 5 times the minimum wage in tips do not need minimum wage protection. They already earn well above what many consider a "living wage".

Mandating restaurateurs to increase the wage they pay their tipped employees significantly reduces their ability to increase the wages of their other un-tipped workers being paid above the minimum wage, but not nearly as much as the tipped employees. This creates a huge wage disparity between the service staff and the production staff.

The lack of a meaningful tip credit puts undue pressure on restaurateurs to keep kitchen wages low. Please enact meaningful tip credit and help us pay our kitchen workers more. We want to.

I suggest changing the tip credit from 25 cents to 25% of hour tip income claimed by the employee, but the employer not paying less than \$5 per hour.

Under this formula, an employee claiming \$20 per hour in tips would be subject to a \$5 tip credit. However, since the employer cannot pay the employee less than \$5 per hour, the employee would be making \$25 in total wages and tips.

I would hope that the committee members and others would recognize the restaurant industry for providing so many above "living wage" employment opportunities that do not require a college education and can be filled by single



moms and others as part time second jobs.

So many of our kitchen workers earning above the minimum wage could benefit from wage increases too if restaurateurs were able to get credit for the highly compensated tipped positions they create.

Note: Federal labor laws prohibit employer mandated tip pools that include kitchen staff.

It may seem counter intuitive, but increasing the Tip Credit will help increase the wages of the lowest paid restaurant workers. Please believe me. All the testimony in favor of repealing the tip credit is essentially ideological and disregards the reality facing Hawaii largest provider of tipped job opportunities, restaurant owners. Failure to increase the Tip Credit will have the unintended consequences of continued pressure to keep kitchen worker wages down. The highest earners will get pay increases and kitchen workers will not.

Key Points:

- The "not less than \$5 per hour" provision could be any amount equal to or less than the current \$7 "Cash Wage".
- A tip credit based on tips claimed as income is fair across a variety of restaurants and across industries (taxi driver, nail & beauty salon workers, valets, bellman, others)
- Consistent with current law it is the responsibility of the employer to justify the tip credit with accurate payroll and tip report records.
- Increases in the minimum wage are intended to provide additional income for those earning the lowest wages.
- Demographically servers tend to be younger than kitchen workers with fewer dependents.
- Continued increases in tipped employee's minimum wage actually jeopardizes those jobs which can be minimized with digital ordering systems.
- Hawaii's restaurants should be encouraged to create more server jobs, not less.
- Employers are required to pay FICA [7.5%] on reported tip income yet cannot count the tip income against the minimum wage.

Sincerely,

Thomas H Jones

President

REI Food Service, LLC

d.b.a. Gyotaku Japanese Restaurants

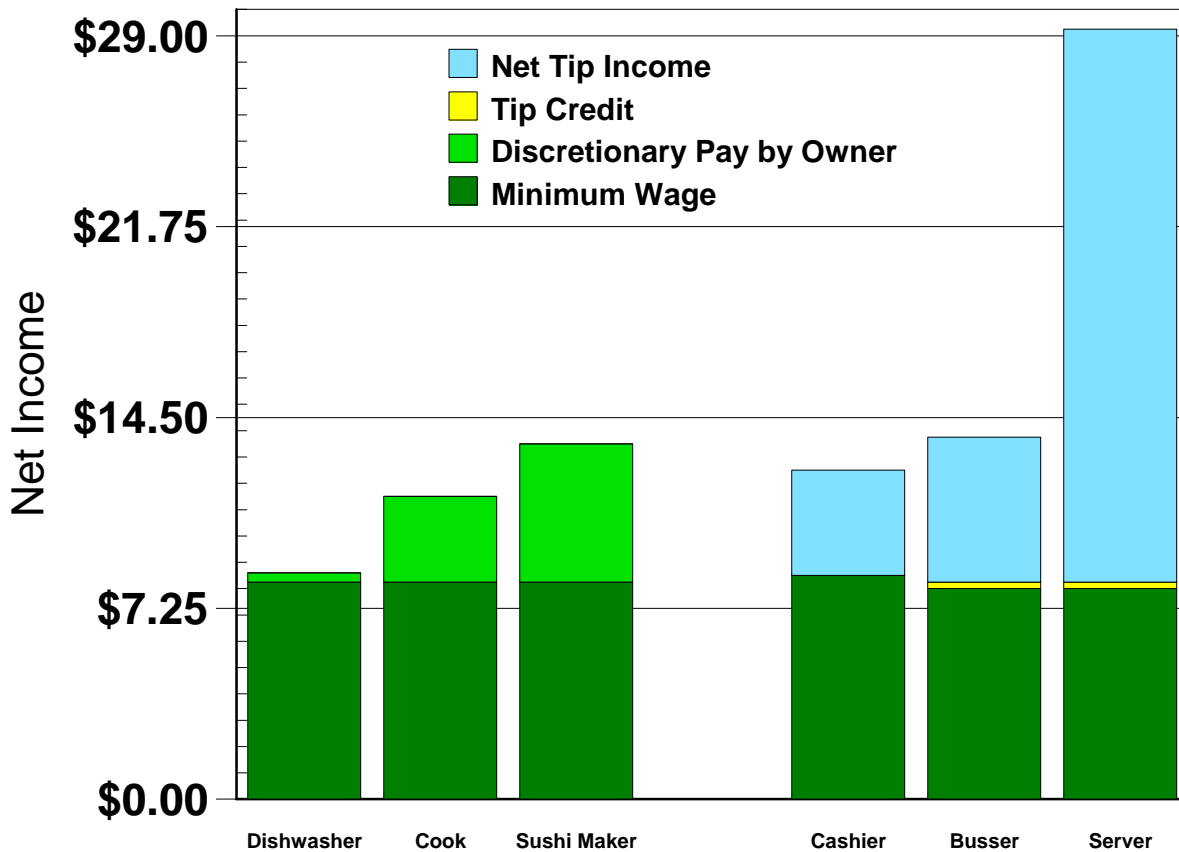
Tip Credit Data

At Gyotaku Restaurants Servers earn on average about \$34 per hour in tips and share some of those tips with other Front of the House staff (Bussers and Hosts). Their net tip income is about \$22 per hour on average. That combined with their Cash Wage (Minimum Wage less 25 cent Tip Credit) of \$7, results in net hourly income of about \$29.

An increase in the Minimum Wage without an increase in the Tip Credit will result in immediate increase in Server and Busser wages. An will not result in automatic increases for the kitchen staff. In fact, the amount paid to tipped employees will decrease every restaurateur's ability to continue to pay wages several dollars over minimum wage. In our restaurants there are 1.3 Server and Busser hours worked for every 1 hour worked in the kitchen.

Wage & Tip Income Analysis

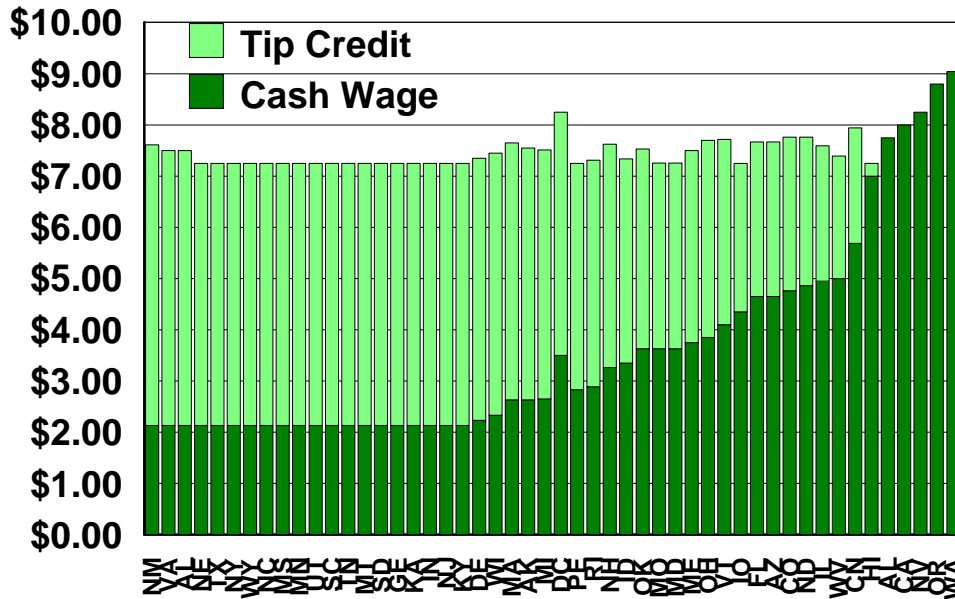
Gyotaku Japanese Restaurants
December 2013



Prepared by Gyotaku Japanese Restaurants

Tip Credit Data

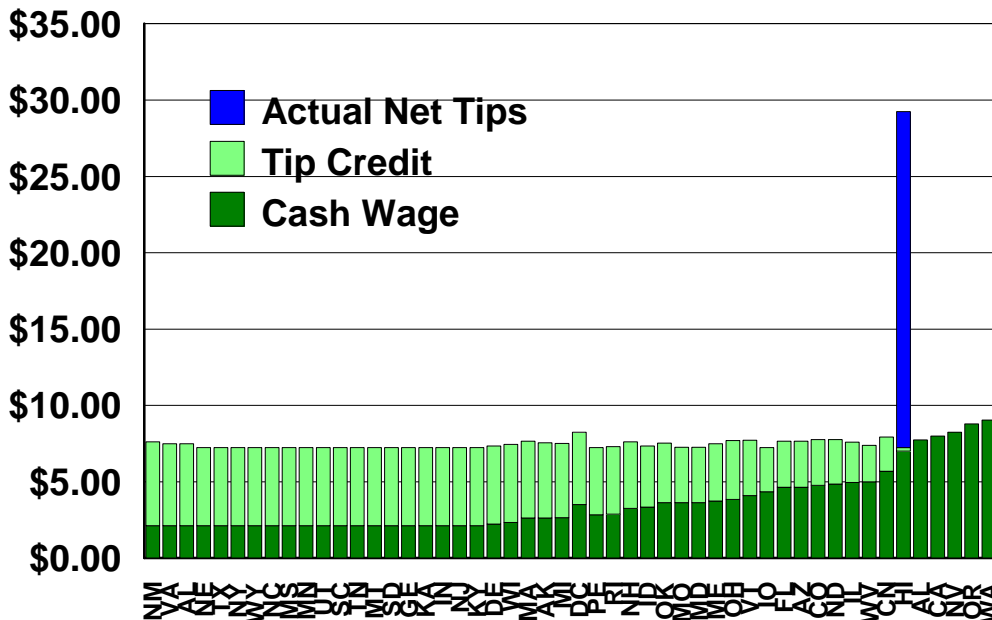
Tip Credit By State Ranked Highest Tip Credit To Lowest



ABOVE: 42 States have Tip Credits on over \$2 per hour. 24 are over \$5.

BELOW: You see our servers tip income on top of the Min Wage & Tips Credit relative to all 50 state min wage and tip credit.

Tip Credit By State Ranked Highest Tip Credit To Lowest





3375 Koapaka Street, D-108
Honolulu, HI 96819

Phone: (808) 831-0811
Fax: (808) 831-0833

Wednesday, February 26, 2014

Committee on Ways and Means

RE: Senate Bill 2609 Relating to Minimum Wage

Dear Chair Ige, Vice Chair Kidani, and members of the Committee:

We appreciate the opportunity to testify on SB 2609, and respectfully submit the following written testimony in opposition to the bill. Times Supermarket is based on Oahu and operates 26 stores with locations in Maui, Kauai and Oahu.

SB 2609 increases minimum wage rates to \$8.20 per hour beginning on 01/01/15, \$9.15 per hour beginning on 01/01/16, and \$10.10 per hour beginning on 01/01/17. This measure repeals the tip credit and authorizes the department of labor and industrial relations to adjust the minimum hourly wage to the nearest 5 cents based on the Honolulu region consumer price index beginning on 09/30/17 and on September 30 of each year thereafter to take effect on the following January 1.

SB 2609 has the potential to seriously harm businesses and consumers alike. Thus, we ask that you hold this bill for further discussion.

Thank you for the opportunity to testify.

Respectfully,

Bob Gutierrez
Director of Government Affairs
Times Supermarket



HAWAII CATHOLIC CONFERENCE

6301 Pali Highway

Kaneohe, HI 96744-5224

Submitted: Online
Hearing on: Wednesday, February 26, 2014 @ 10:35 a.m.
Conference Room: 211

DATE: February 24, 2014
TO: Senate Committee on Ways and Means
Sen. David Ige, Chair
Sen. Michelle Kidani, Vice Chair
From: Walter Yoshimitsu, Executive Director
Re: Support for SB 2609 Relating to Minimum Wage

Mahalo for the opportunity to provide written testimony in support of this measure. 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 strongly urge the Committee to support an increase to 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 out of committee.

Mahalo for the opportunity to testify.

Dear Chair Ige and committee members,

I am Barbara Service, a retired Child Welfare social worker and a member of AARP and Kokua Council.

I am providing testimony in strong support of SB2609, to increase the minimum wage to \$10.10 and eliminate the tip credit. Even at \$10.10, minimum wage workers earn little more than \$20,000 per year. Some families pay \$18,000 just for rent. The tip credit enables employers to pay even less than minimum wage.

Hawaii's minimum wage has not increased since 2007. This is the most expensive state to live in; yet 21 states have higher minimum wage than Hawaii.

Additionally, the minimum wage needs to be tied to the CPI.

Thank you for the opportunity to provide testimony in strong support.

I urge the committee to pass SB2609 unamended.

Barbara J. Service

The Honorable David Ige, Chair Ways and Means Committee
The Honorable Michelle N. Kidani, Vice-Chair Ways and Means Committee
Hawaii State Capitol
15 South Beretania Street
Honolulu, HI 96813

Re: SB2609 Relating to the Minimum Wage

We are students in Kahuku High and Intermediate's Middle School English & Language Arts class, Period 3. We have studied and compared the minimum wage bills that were presented in 2013 and 2014, and we have read editorials in the paper. There are 14 students in our class and 93% percent of us believe that S.B.2609 should be passed (13 students).

The proposal increases the minimum wage to \$10.10 an hour in three stages by January 2017, authorizes the DLIR to adjust the minimum wage thereafter by using the Consumer Price Index (CPI), and repeals the tip credit provision in chapter 387, Hawaii Revised Statutes (HRS).

The purpose of the proposal is to raise the minimum wage to improve the economy of Hawaii and to help lift Hawaii residents out of poverty. An increase in the minimum wage will boost consumer demand and jobs because minimum and low wage workers spend most of their increased wages on essential goods and services.

Hawaii's minimum wage earners have not had a wage increase in 8 years. Everyone else, including furloughed government workers, is slowly gaining increases. Adjusting the current \$7.25 minimum wage for inflation since the last time the minimum wage was raised, a worker would have to be paid \$8.68 an hour to match the buying power of 2007. The low minimum wage is intensified by the high cost of living in Hawaii. Many studies find Hawaii has the highest cost of living in the nation.

The poverty line for a family of two in Hawaii as of 2013, was \$17,850, and is increased to \$22,470 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 \$15,080.00 a year. This is well below the poverty level for a family of two or more. Even individuals making the minimum wage in Hawaii are often forced to share dwellings with others or live with their families as part of the hidden homeless since they cannot afford to live independently. The truth is, over 17 percent or nearly 229,000 Hawaii residents live in poverty when calculating cost of living. At Kahuku High & Intermediate School, about 50% of students are on Free and Reduced Lunch due to income instability.

Approximately 20% or 22,000 of Hawaii's children under six live in low-income working families. Research in early childhood development has found that income insecurity negatively affects three important traits of brain development – positive relationships, learning resources, and high stress. Many studies show a correlation between income level and student performance, with a gap between those with high incomes and those in poverty. A 2011 study suggests that a \$1,000 increase in household income raises combined math and reading test scores by up to 6%. This may be because of increased time spent with their children, increased resources, and a corresponding reduction in stress.

Many employers in the service industry say that the minimum wage is just for teens getting their first employment experience, such as learning reliability, job performance, cooperation, and skills achievement. Or they say the minimum wage is for seniors supplementing their retirement income. Additionally, they say they will have to cut low wage jobs and deprive these individuals of their job opportunities. However, the Census Bureau data shows that 85% of minimum wage workers in Hawaii are over 18, not entry level workers. They make up about 2% of the work force, and they should not be sacrificed for profit.

A controversial part of this bill is the provision which would tie the minimum wage to increases in the consumer price index, which means the minimum wage will automatically rise with the cost of living as inflation increases. Now that Hawaii is seeing an economic recovery, it is probable that we will have gains each year that would place minimum wage workers further behind. Tying future increases to the CPI is the right thing to do since it at least prevents workers and their children from increased poverty. They should not have to go to the legislature each year to beg for an increase just to keep from falling behind.

Tying future increases to the CPI will allow Hawaii to join the 10 other states across the nation that adjust their minimum wages annually to keep pace with the rising cost of living. If Hawaii wants to continue to view itself as a caring Aloha state, then we should be leading the other states by example.

The final issue in the bill is the tip credit, which varies across the fifty states. This seems to be the most contentious part of the bill for many restaurant businesses. The Ways and Means Committee should hold a hearing on Senate Bill 2609 and give both sides of this controversy a chance to weigh in. Legislators can then choose the path that allows this bill to go forward, even if it is decided that a tip credit must remain available for now.

As future wage earners, we ask you to support S.B 2609 and the suggested increase in the minimum wage. We hope you will not amend the provision that ties future increases to the CPI. We thank you for the opportunity to provide testimony.

Fatu Atuaia
Chase Badua
Robert Beatty Jr
Jeralee Galeai
Bryce Jameson
Nadia Kauliakamoa
Izeah Kenese
Cire Loo
Feso Malufau Jr.
Shaisten Marasco
Stone Primacio

Draeton Thompson
Siliva Toelupe

The Honorable David Ige, Chair Ways and Means Committee
The Honorable Michelle N. Kidani, Vice-Chair Ways and Means Committee
Hawaii State Capitol
15 South Beretania Street
Honolulu, HI 96813

Re: SB2609 Relating to the Minimum Wage

We are students in Kahuku High and Intermediate's Middle School English & Language Arts class, Period 2. We have studied and compared the minimum wage bills that were presented in 2013 and 2014, and we have read editorials in the paper. There are 19 students in our class and 84% percent of us believe that S.B.2609 should be passed (16 students).

The proposal increases the minimum wage to \$10.10 an hour in three stages by January 2017, authorizes the DLIR to adjust the minimum wage thereafter by using the Consumer Price Index (CPI), and repeals the tip credit provision in chapter 387, Hawaii Revised Statutes (HRS).

The purpose of the proposal is to raise the minimum wage to improve the economy of Hawaii and to help lift Hawaii residents out of poverty. An increase in the minimum wage will boost consumer demand and jobs because minimum and low wage workers spend most of their increased wages on essential goods and services.

Hawaii's minimum wage earners have not had a wage increase in 8 years. Everyone else, including furloughed government workers, is slowly gaining increases. Adjusting the current \$7.25 minimum wage for inflation since the last time the minimum wage was raised, a worker would have to be paid \$8.68 an hour to match the buying power of 2007. The low minimum wage is intensified by the high cost of living in Hawaii. Many studies find Hawaii has the highest cost of living in the nation.

The poverty line for a family of two in Hawaii as of 2013, was \$17,850, and is increased to \$22,470 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 \$15,080.00 a year. This is well below the poverty level for a family of two or more. Even individuals making the minimum wage in Hawaii are often forced to share dwellings with others or live with their families as part of the hidden homeless since they cannot afford to live independently. The truth is, over 17 percent or nearly 229,000 Hawaii residents live in poverty when calculating cost of living. At Kahuku High & Intermediate School, about 50% of students are on Free and Reduced Lunch due to income instability.

Approximately 20% or 22,000 of Hawaii's children under six live in low-income working families. Research in early childhood development has found that income insecurity negatively affects three important traits of brain development – positive relationships, learning resources, and high stress. Many studies show a correlation between income level and student performance, with a gap between those with high incomes and those in poverty. A 2011 study suggests that a \$1,000 increase in household income raises combined math and reading test scores by up to 6%. This may be because of increased time spent with their children, increased resources, and a corresponding reduction in stress.

Many employers in the service industry say that the minimum wage is just for teens getting their first employment experience, such as learning reliability, job performance, cooperation, and skills achievement. Or they say the minimum wage is for seniors supplementing their retirement income. Additionally, they say they will have to cut low wage jobs and deprive these individuals of their job opportunities. However, the Census Bureau data shows that 85% of minimum wage workers in Hawaii are over 18, not entry level workers. They make up about 2% of the work force, and they should not be sacrificed for profit.

A controversial part of this bill is the provision which would tie the minimum wage to increases in the consumer price index, which means the minimum wage will automatically rise with the cost of living as inflation increases. Now that Hawaii is seeing an economic recovery, it is probable that we will have gains each year that would place minimum wage workers further behind. Tying future increases to the CPI is the right thing to do since it at least prevents workers and their children from increased poverty. They should not have to go to the legislature each year to beg for an increase just to keep from falling behind.

Tying future increases to the CPI will allow Hawaii to join the 10 other states across the nation that adjust their minimum wages annually to keep pace with the rising cost of living. If Hawaii wants to continue to view itself as a caring Aloha state, then we should be leading the other states by example.

The final issue in the bill is the tip credit, which varies across the fifty states. This seems to be the most contentious part of the bill for many restaurant businesses. The Ways and Means Committee should hold a hearing on Senate Bill 2609 and give both sides of this controversy a chance to weigh in. Legislators can then choose the path that allows this bill to go forward, even if it is decided that a tip credit must remain available for now.

As future wage earners, we ask you to support S.B 2609 and the suggested increase in the minimum wage. We hope you will not amend the provision that ties future increases to the CPI. We thank you for the opportunity to provide testimony.

Aki, Darrien
Amoroso, Willie
Concepcion, Christian
Hester, Maia
Kapule-Siilata, Samson
Makanui, Nalu
Merck, Keeley
Moananu, Leilua
Moses-Bryant, Hulali
Notoa, Moemanogi
Reverio-Harris, Francis

Smith, Kealani
Sulunga, Cure
Tofa, Alapati
Touli, Teineolefeagaiga
Uluave-Wilkins, Lehiwalino

Students studying the minimum wage bills as part of an assignment on research and evidence in argumentative writing.

The Honorable David Ige, Chair Ways and Means Committee
The Honorable Michelle N. Kidani, Vice-Chair Ways and Means Committee
Hawaii State Capitol
15 South Beretania Street
Honolulu, HI 96813



Re: SB2609 Relating to the Minimum Wage

We are students in Kahuku High and Intermediate's Middle School English & Language Arts class, Period 1. We have studied and compared the minimum wage bills that were presented in 2013 and 2014, and we have read editorials in the paper. There are 21 students in our class and 91 percent of us believe that S. B 2609 should be passed (19 students).

The proposal increases the minimum wage to \$10.10 an hour in three stages by January 2017, authorizes the DLIR to adjust the minimum wage thereafter by using the Consumer Price Index (CPI), and repeals the tip credit provision in chapter 387, Hawaii Revised Statutes (HRS).

The purpose of the proposal is to raise the minimum wage to improve the economy of Hawaii and to help lift Hawaii residents out of poverty. An increase in the minimum wage will boost consumer demand and jobs because minimum and low wage workers spend most of their increased wages on essential goods and services.

Hawaii's minimum wage earners have not had a wage increase in 8 years. Everyone else, including furloughed government workers, is slowly gaining increases. Adjusting the current \$7.25 minimum wage for inflation since the last time the minimum wage was raised, a worker would have to be paid \$8.68 an hour to match the buying power of 2007. The low minimum wage is intensified by the high cost of living in Hawaii. Many studies find Hawaii has the highest cost of living in the nation.

The poverty line for a family of two in Hawaii as of 2013, was \$17,850, and is increased to \$22,470 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 \$15,080.00 a year. This is well below the poverty level for a family of two or more. Even individuals making the minimum wage in Hawaii are often forced to share dwellings with others or live with their families as part of the hidden homeless since they cannot afford to live independently. The truth is, over 17 percent or nearly 229,000 Hawaii residents live in poverty when calculating cost of living. At Kahuku High & Intermediate School, about 50% of students are on Free and Reduced Lunch due to income instability.

Approximately 20% or 22,000 of Hawaii's children under six live in low-income working families. Research in early childhood development has found that income insecurity negatively affects three important traits of brain development – positive relationships, learning resources, and high stress. Many studies show a correlation between income level and student performance, with a gap between those with high incomes and those in poverty. A 2011 study suggests that a \$1,000 increase in household income raises combined math and reading test scores by up to 6%. This may be because of increased time spent with their children, increased resources, and a corresponding reduction in stress.

Many employers in the service industry say that the minimum wage is just for teens getting their first employment experience, such as learning reliability, job performance, cooperation, and skills achievement. Or they say the minimum wage is for seniors supplementing their retirement income. Additionally, they say they will have to cut low wage jobs and deprive these individuals of their job opportunities. However, the Census Bureau data shows that 85% of minimum wage workers in Hawaii are over 18, not entry level workers. They make up about 2% of the work force, and they should not be sacrificed for profit.

A controversial part of this bill is the provision which would tie the minimum wage to increases in the consumer price index, which means the minimum wage will automatically rise with the cost of living as inflation increases. Now that Hawaii is seeing an economic recovery, it is probable that we will have gains each year that would place minimum wage workers further behind. Tying future increases to the CPI is the right thing to do since it at least prevents workers and their children from increased poverty. They should not have to go to the legislature each year to beg for an increase just to keep from falling behind.

Tying future increases to the CPI will allow Hawaii to join the 10 other states across the nation that adjust their minimum wages annually to keep pace with the rising cost of living. If Hawaii wants to continue to view itself as a caring Aloha state, then we should be leading the other states by example.

The final issue in the bill is the tip credit, which varies across the fifty states. This seems to be the most contentious part of the bill for many restaurant businesses. The Ways and Means Committee should hold a hearing on Senate Bill 2609 and give both sides of this controversy a chance to weigh in. Legislators can then choose the path that allows this bill to go forward, even if it is decided that a tip credit must remain available for now.

As future wage earners, we ask you to support S.B 2609 and the suggested increase in the minimum wage. We hope you will not amend the provision that ties future increases to the CPI. We thank you for the opportunity to provide testimony.

Toa Alsip-Fely
Serena Baeseman
Jeremiah Channels
Jiana Cummings
Kayla Grigsby
Eli Hester
Vaiaarii Kaonohi

Ana Keoho
Rocio Loza
Justin Makaafi
Kayla-Vai Mauu
Kalei Murphy
Ashley Nautu
Lyons Plunkett

Samson Reed
Jewel Solusod
Kacie Taea
Nese Tito
K. J. Tufaga

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: dejamarie@gmail.com
Subject: Submitted testimony for SB2609 on Feb 26, 2014 10:35AM
Date: Tuesday, February 25, 2014 8:37:33 AM

SB2609

Submitted on: 2/25/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Deja	Individual	Support	No

Comments: I am testifying in SUPPORT of Senate Bill 2609, which would increase the minimum wage to \$10.10 per hour, repeal the tip credit, and tie future increases in the minimum wage to the Consumer Price Index. Hawai'i is the most expensive in the country, yet we continue to have lower wages than other states. Twenty-one states and the District of Columbia have higher minimum wages, despite their lower cost of living. Our state has many families that rely on a minimum wage worker as a head of household. Data show most of our minimum wage jobs are held by adult workers, with most working many ours per week. Economic research shows increasing the minimum wage reduces poverty. At \$10.10 an hour, a full-time minimum wage worker would earn enough to lift a family of three out of poverty. As it stands, a minimum wage earner working full-time with one child would fall significantly below the federal poverty guidelines. Additionally, raising the minimum wage actually stimulates our economy. Low-income workers increase buying power by purchasing a higher percentage of goods and services relative to their income compared to higher income groups, which in turn churns more dollars throughout our economy. Hawai'i's history with minimum wage increases has also shown that such increases do not reduce jobs: in fact, the last four increases in the minimum wage consistently saw job growth in the following year. I also support the repeal of the tip credit. Tipped workers should keep what they earn for the quality of their service. Customers give tips to employees for their service, not to subsidize employers so they can pay less than the minimum wage. In addition, future increases in the minimum wage should be tied to the Consumer Price Index so our workers do not lose ground as they have over the last seven years. We should make sure that our minimum wage workers receive fair wages for their work and are better able to make ends meet by raising the minimum wage to \$10.10, repealing the tip credit, and indexing future increases for inflation. Again, thank you for the opportunity to testify. I respectfully urge the committee to pass SB 2609 unamended.

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

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: ajc@aloha.net
Subject: Submitted testimony for SB2609 on Feb 26, 2014 10:35AM
Date: Tuesday, February 25, 2014 10:26:50 AM

SB2609

Submitted on: 2/25/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Alika Campbell	Individual	Support	No

Comments: "In no state can a minimum wage worker afford a two-bedroom unit at Fair Market Rent, working a standard 40-hour week." This is one of the main points of the National Low Income Housing Coalition report "Out of Reach 2012" (which can be found on the NLIHC website). In fact, a minimum wage worker in Hawaii would have to work 175 hour a week to be able to afford that apartment. Let's just ignore the math that says there are only 168 hours in a week and assume there is second wage earner in the household so each person would only need to work 87.5 hours a week. That's more than 4 full-time jobs and the couple hasn't paid any other bills; no food, no clothing, no transportation, nothing. The NLIHC report calculates that one would have to earn \$31.68 per hour to afford that FMR unit. So until the minimum wage gets closer to a living wage or Hawaii's housing rates go down dramatically, we will continue to have the working poor priced out of housing and a large percentage of our extended ohana only a paycheck away from homelessness.

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

RE: Testimony in Support of SB 2609 Relating to Minimum Wage
TO: Senator David Y. Ige, Senator Michelle N. Kidani, and members of the Senate Committee on Ways & Means
HEARING: Wednesday, February 26, 2014, 10:35 AM, Room 211

I respectfully urge the committee to increase the **Minimum Wage to \$10.10** per hour, repeal the **Tip Credit**, and tie future increases in the minimum wage to the **Consumer Price Index**.

Hawai'i is the most expensive in the country, yet we set our minimum wage at the federal level. Twenty-one states and the District of Columbia have higher minimum wages, despite their lower cost of living.

The average minimum wage worker does not fit the stereotype of a teenage working part-time. In actuality, 85% of minimum wage jobs are held by workers over 21, and 84% of minimum wage workers work more than 20 hours a week.

The benefits of raising the minimum wage are clear. Increasing the minimum wage reduces poverty. At \$10.10 an hour, a full-time minimum wage worker would earn enough to lift a family of three out of poverty. As it stands, a minimum wage earner working full-time with one child would fall 16 percent below the federal poverty guidelines.

Raising the minimum wage actually stimulates our economy, as low-income workers have increased buying power. Moreover, Hawai'i's own experience has shown that it does not reduce jobs: the last four increases in the minimum wage actually saw job growth in the following year.

I also support the repeal of the **Tip Credit**. Tipped workers should keep what they earn for the quality of their service. Customers give tips to employees for their service, not to subsidize employers so they can pay less than the minimum wage.

In addition, future increases in the minimum wage should be tied to the **Consumer Price Index** so our workers do not lose ground as they have over the last seven years.

We should make sure that our minimum wage workers receive fair wages for their work and are better able to make ends meet by raising the minimum wage to \$10.10, repealing the tip credit, and indexing future increases for inflation.

I urge your support on **SB 2609**.

T. J. DAVIES JR.
Volunteer, AARP & Kokua Council for Senior Citizens
Kakaako (District 23 / Senate District 12)

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: sylpager@hawaii.edu
Subject: Submitted testimony for SB2609 on Feb 26, 2014 10:35AM
Date: Tuesday, February 25, 2014 8:51:48 AM

SB2609

Submitted on: 2/25/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Sylvia R. Pager, MD, IBCLC	Individual	Support	No

Comments: Children in poverty do not do as well. Their young parents deserve a fair deal. Have you - committee members - enjoyed a raise in the last 8 years ? Please, pass this bill. Mahalo, and Aloha, Sylvia Pager.

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

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: mauibrad@hotmail.com
Subject: Submitted testimony for SB2609 on Feb 26, 2014 10:35AM
Date: Monday, February 24, 2014 4:04:04 PM

SB2609

Submitted on: 2/24/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Brad Parsons	Individual	Support	No

Comments: \$10.10 is the minimum. Should be higher with Hawaii's cost of living.

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

To: Senate Committee on Ways and Means
From: Rev. Bob Nakata, Social Justice Advocate
Hearing: Senate Committee on Ways and Means
Wednesday, February 26, 2014, 10:35am
Room 211, State Capitol

Testimony in Support of SB 2609 Relating to Minimum Wage

Thank you for this opportunity to speak in strong support of SB 2609 to raise the minimum wage. I am Rev. Bob Nakata, a social justice advocate for over 40 years, with many different organizations over the years.

The minimum wage for Hawaii is \$7.25 an hour or \$7.00 an hour for tipped workers because of the tip credit, which is 25 cents. What is a tip credit? That's the amount that employers can DEDUCT from a tipped employee's wage, just because of tips earned. The tip credit amounts to a legally allowed subsidy from the employee to the employer!

The Legislature is now debating whether to increase the minimum wage to as much as \$10.10 an hour. But the sticking point seems to be the tip credit. While the legislators seem committed to increasing the minimum wage, many of them believe the tip credit should also be increased. They want to be "fair" – but fair to whom?

Tipped employees, mostly servers in restaurants, on average earn about \$10.00 an hour with wages and tips included. That's about \$20,000 a year if the employee works full-time, although most servers don't. Even accounting servers at higher-end restaurants, the range for tipped employees may be upwards of \$40,000 to \$50,000 a year based on Chamber of Commerce Testimony on these bills – hardly making the employee "rich." At best, these servers are considered part of the middle class, earning a decent living to support themselves and their families so they need not rely on government support. Indeed, those at the lower end of the wage and tip scale are likely receiving food stamps, Medicaid, and free and reduced school lunch for their kids.

In fact, the average median income (AMI) used as a threshold for affordable housing is \$82,600 according to the Federal Department of Housing and Urban Development. Low income in affordable housing circles is 60 percent of AMI, which calculates to about \$50,000. So a few servers, who some employers consider "highly compensated" with an annual income of \$50,000, could actually qualify for affordable low income rental housing!

It's no wonder that many people who have jobs are homeless. Their earnings, some at minimum wage, just cannot keep pace with the rising cost of living in Hawaii.

In testimony at legislative hearings, the chair of the Hawaii Democratic Party expressed embarrassment that the minimum wage was not raised last year, even with Democrats in

control of both houses of the Legislature. Let's not have the same thing happen again this year. S.B. 2609 and H.B. 2580 both call for increasing the minimum wage, linking future increases to the Consumer Price Index, and eliminating the tip credit entirely. Some threaten that increasing the minimum wage will kill jobs, but the facts show otherwise. Following the last four increases in the minimum wage, Hawaii's job count increased, not decreased.

In a proposed deal to reach agreement on a bill a tip credit of 75 cents was floated, three times or 300 percent of the current 25 cents tip credit. Minimum wage increase to \$10.00 is only a 40 percent increase. So proposals to help lift people out of poverty would have far greater benefit for high-end food and beverage establishments. The amount that the employer could take from the tipped employee would increase from \$500 to \$1,500. That is based on a 40 hour work week for 52 weeks a year. The tipped employee would end up having three times more money taken by the employer.

I urge passage of SB 2609 with an amendment to increase the minimum wage to \$10.10.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: brendarc@hawaii.edu
Subject: Submitted testimony for SB2609 on Feb 26, 2014 10:35AM
Date: Monday, February 24, 2014 10:20:26 PM

SB2609

Submitted on: 2/24/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Brenda Clark	Individual	Support	No

Comments: Please pass this bill. Workers in Hawaii deserve to be paid a livable wage. It is unjust to watch the cost of living rise without increasing the cost of a hard day's work.

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

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: hawynknight@gmail.com
Subject: Submitted testimony for SB2609 on Feb 26, 2014 10:35AM
Date: Tuesday, February 25, 2014 10:03:12 AM

SB2609

Submitted on: 2/25/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Cyrus Naone	Individual	Support	No

Comments: I support the minimum wage increase because low wage earners still have families to support and education to be had for themselves or their loved ones. It's hard to see beyond getting ahead if you're constantly in survival mode. Help give Hawaii's people some room to breathe. Mahalo.

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

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: claudiarice25@gmail.com
Subject: *Submitted testimony for SB2609 on Feb 26, 2014 10:35AM*
Date: Monday, February 24, 2014 1:15:38 PM

SB2609

Submitted on: 2/24/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
claudia rice	Individual	Support	No

Comments:

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

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: sdinion@mac.com
Subject: Submitted testimony for SB2609 on Feb 26, 2014 10:35AM
Date: Monday, February 24, 2014 10:21:07 PM

SB2609

Submitted on: 2/24/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Steve Dinion	Individual	Support	No

Comments: I strongly support a minimum wage increase to at least \$10.10, along with the deletion of the tip credit and pegging future increases to the CPI. It's unconscionable that the most expensive state in the US has such a low minimum wage. Please support Hawai'i's hardworking low-wage families by passing this bill. Mahalo.

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

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: sfloyd@aloha.net
Subject: *Submitted testimony for SB2609 on Feb 26, 2014 10:35AM*
Date: Monday, February 24, 2014 11:23:10 AM

SB2609

Submitted on: 2/24/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
susan floyd	Individual	Support	No

Comments:

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

February 24, 2014

COMMITTEE ON WAYS AND MEANS

Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair
Senator Suzanne Chun Oakland
Senator Donovan M. Dela Cruz
Senator Kalani English
Senator Will Espero
Senator Gilbert Kahele
Senator Gilbert S.C. Keith-Argaran
Senator Ronald D. Kouchi
Senator Russell E. Ruderman
Senator Laura H. Thielen
Senator Jill N. Tokuda
Senator Sam Slom

NOTICE OF HEARING

DATE: Wednesday, February 24, 2014
TIME: 10:35a.m.
PLACE: Conference Room 211
State Capitol
415 South Beretania Street

RE: TESTIMONY IN STRONG SUPPORT OF SB2609
RELATING TO MINIMUM WAGE

Dear Committee on Judiciary and Labor:

I am a Masters of Social Work candidate at the University of Hawaii, Manoa and I strongly support SB2609. Out of concern for my clients, my friends, and my family, I seek to help develop our economy by providing the working poor with the wages they deserve.

In the state of Hawaii, the minimum wage has not been raised in seven years. Inflation rates however, have steadily increased. According to the U.S. Bureau of Labor Statistics, \$7.25 in 2007 carried the same buying power as \$8.15 in 2013. This number will only increase, making it more and more difficult for those living in poverty to rise above it. According to Massachusetts Institute of Technology, the current living hourly wage of a single adult living in Honolulu is \$12.91, a far cry from our current rate of \$7.25.

Many of the families I work with are composed of single mothers with one or more children. For many of these women, working two jobs barely begins to cover basic needs.

In almost every case I've witnessed, survival is impossible without the support of government assistance programs or other forms of charity.

The bottom line is that this is an issue of simple economics. Minimum wage should increase with inflation rates.

If SB2609 is passed, we will respond to this gap and help prevent social ills associated with Hawaii's rates of poverty. Let's boost our economy and support our community by investing in the labor of our working poor.

I urge your support of SB2609 without amendments.

Thank you for this consideration.

Respectfully,

Sarah Marie Schick
MSW Candidate, 2014
Myron B. Thompson School of Social Work
University of Hawai'i at Manoa

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: espihawaii@juno.com
Subject: *Submitted testimony for SB2609 on Feb 26, 2014 10:35AM*
Date: Tuesday, February 25, 2014 9:00:36 AM

SB2609

Submitted on: 2/25/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Deanna Espinas	Individual	Support	No

Comments:

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

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: randyc.09@gmail.com
Subject: Submitted testimony for SB2609 on Feb 26, 2014 10:35AM
Date: Tuesday, February 25, 2014 10:20:11 AM

SB2609

Submitted on: 2/25/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Randy Compton	Individual	Support	No

Comments: I work for a free legal service provider. Most of the families I work with are either working and homeless or near homeless or want to work but cannot because they have no means for childcare. It is incredible that we live in a State, like many others, where working families cannot afford a decent place to live. In order to have an adequate quality of life in this growing Paradise for the Rich we call Hawaii, we need more than \$10.10 an hour. This bill is a wonderful start, but it is only the beginning of the type of progressive change that this State and its people need.

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

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: gavin@hiappleseed.org
Subject: Submitted testimony for SB2609 on Feb 26, 2014 10:35AM
Date: Tuesday, February 25, 2014 8:27:19 AM

SB2609

Submitted on: 2/25/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Gavin Thornton	Individual	Support	No

Comments: Thank you for this opportunity to testify in strong support of SB 2609. Please pass the bill as is, including repealing the tip credit and indexing the minimum wage to keep up with inflation. An increase to the minimum wage is long overdue and necessary to help people struggling to make ends meet. It is simply wrong to pay people so little. A low minimum wage certainly is not justified by their jobs either. Minimum wage jobs like food service are not easy--these jobs are often repetitive and require long periods of standing. I am so thankful that I have a job that provides me with variety, that does not exact a toll on my body or overall health, and that pays a livable wage. Those making minimum wage deserve better and so does our community as a whole. The money paid to low-wage workers will go back into our local economy and will help to make all of us more prosperous. When we treat each other fairly, we all do better. Please pass SB 2609. Increase the minimum wage to \$10.10, repeal the tip credit, and index the minimum wage to keep up with inflation so that we do not end up in the same spot again. Thank you for your consideration. Aloha, Gavin Thornton

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

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: genotamayo@yahoo.com
Subject: Submitted testimony for SB2609 on Feb 26, 2014 10:35AM
Date: Tuesday, February 25, 2014 9:41:34 AM

SB2609

Submitted on: 2/25/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
geno tamayo	Individual	Support	Yes

Comments: Please pass SB 2609 without the tip credit

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

Susan Meyers Chandler
1617 Quincy Place
Honolulu, HI 96816

Testimony in SUPPORT of SB 2609

WAM Feb 26, 2014 10:30

Thank you for the opportunity to testify in support of SB 2609.

Income inequality in American (and Hawai'i) is a very large social problem and it is getting worse. The minimum wage has not been increased in 7 years. While most workers have seen some increase in their wages, minimum workers, who need it most, have not.

Hawai'i of all places, with the strong tourist economy that fuels economic growth across the state, should be a leader in minimum wage legislation. The high cost of living in Hawai'i, high rentals, high food and utility costs make it almost impossible for a person working full time at minimum wage to become self sufficient, let alone support a family. A single parent with a child working FULL time, 52 weeks a year still only earns 16% below the federal poverty level. **It is not right that a person working full time should earn such a small wage that he or she still lives in poverty.**

Twenty percent (20%) of Hawai'i's children live in poverty. Seventy percent (70%) of the tipped restaurant workers are women and over 85% of the minimum age workers are over the age of 21. It is unconscionable for our wealthy state to permit this amount of poverty to exist.

SB 2609 raises the minimum wage modestly over time. DO IT. Hawai'i does not want to be behind the curve in doing the right thing for its low wage workers. **PASS the minimum wage increase.**

Thank you for the opportunity to testify.

Susan M. Chandler



From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: paolarodelas@gmail.com
Subject: Submitted testimony for SB2609 on Feb 26, 2014 10:35AM
Date: Tuesday, February 25, 2014 10:43:16 AM

SB2609

Submitted on: 2/25/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Paola Rodelas	Individual	Support	No

Comments: I STRONGLY SUPPORT SB2609 to raise minimum wage to \$10.10, eliminate tip credit, and tie future increases in the minimum wage to the Consumer Price Index. Simply put, no one can survive on \$7.25. Hawai'i has the highest cost of living in the nation, yet our minimum wage is lower than 21 states and the District of Columbia. The argument that raising minimum wage would hurt the economy, increase prices, and cut jobs has no evidence to back it. Rather, there is plenty of evidence to show that raising minimum wage stimulates the economy. Working people are the real job creators because of their buying power. If working people don't make enough money, they won't buy as many things. If working people aren't buying very many things, businesses are hurt. Furthermore, the tip credit must be eliminated. The customer should not be responsible for paying tipped workers a living wage. This responsibility must fall on the employer. Supporters of the tip credit seem to have an inaccurate view of tipped workers. The truth is that the average tipped worker makes just \$9.87 an hour, and tipped workers are more likely to live under the poverty line. Why should we drive our tipped workers deeper into poverty by increasing the tip credit? Also, 7 states have no tip credit at all, yet their restaurant businesses are still thriving. They clearly have not been hurt by not having a tip credit. I urge you to please pass SB2609. It would greatly help Hawaii's people and our state's economy.

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

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: healthyouandplanet@gmail.com
Subject: Submitted testimony for SB2609 on Feb 26, 2014 10:35AM
Date: Monday, February 24, 2014 5:58:19 PM

SB2609

Submitted on: 2/24/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
M. Llanes	Individual	Support	No

Comments: The benefit of the increase will come back to the state as people will be using their increased purchasing power with the increase. Also people will be able to afford necessary goods or services they currently cannot afford now which can enhance their quality of life. Mahalo for your consideration.

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

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: mkelley323@gmail.com
Subject: Submitted testimony for SB2609 on Feb 26, 2014 10:35AM
Date: Monday, February 24, 2014 11:06:11 AM

SB2609

Submitted on: 2/24/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Mary Lu Kelley	Individual	Support	No

Comments: Aloha. SB2609 is the best written bill which seeks to raise the minimum wage to \$10.10 by 2017, repeal the unfair tip credit, and automatically link future minimum wage increases with the rise of inflation. Please do NOT gut this bill by trying to: 1) unlink future increases to the rate of inflation (CPI); 2) increase the tip credit which will harm the economic justice for all tipped workers; 3) lower and prolong the rate of a raise in the minimum wage. Pass SB2609 just as it is written. Thanks you, Mary Lu Kelley PO Box 289 Lawai, HI 96765

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

From: [Martha Martin](#)
To: [WAM Testimony](#)
Subject: Pass SB 2609
Date: Monday, February 24, 2014 3:55:12 PM



Please pass SB 2609, which raises the minimum wage and drops the tip credit. Workers need higher income to live responsibly in Hawaii. These wages will be spent locally and help improve the economy for all.

I was born and raised in Hawaii and have spent most of my life in Hawaii; I have spent 50 years working here.

Martha E. Martin
P.O.Box 790300
Paia, HI 96779 <mauimarta@gmail.com>

Sent from my iPad

From: [Michelle Pillen](#)
To: [WAM Testimony](#)
Subject: SB2609
Date: Tuesday, February 25, 2014 9:05:44 AM

To Whom it May concern,

SB2609 is the best written bill so far which seeks to raise the minimum wage to \$10.10 by 2017, repeal the unfair tip credit, and automatically link future minimum wage increases with the rise of inflation.

Hawaii's minimum wage has not been raised in seven years. Due to inflation, workers have less purchasing power today than they did in 2007, the last time the minimum wage was increased. It is more difficult than ever to maintain a basic standard of living with the minimum wage set as it is now with Hawai'i's high cost of living.

I urge you to pass SB2609. When employees are paid fairly, businesses do better. Invest in the people of Hawai'i and you will not only address poverty but you will also help our local economy grow.

This is an election year – show us that you really care about working people in our state!!

Thanks,

Michelle

Michelle Pillen
151 Kaiolena Drive
Kailua, HI 96734
mpillen@hawaii.rr.com
808.542.5472

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: Kent@TRIsland.com
Subject: *Submitted testimony for SB2609 on Feb 26, 2014 10:35AM*
Date: Tuesday, February 25, 2014 9:35:15 AM

SB2609

Submitted on: 2/25/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Kent Fonoimoana	Individual	Support	No

Comments:

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

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: maucrowe@gmail.com
Subject: Submitted testimony for SB2609 on Feb 26, 2014 10:35AM
Date: Tuesday, February 25, 2014 8:06:41 AM

SB2609

Submitted on: 2/25/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
james crowe	Individual	Comments Only	No

Comments: Please oppose bill SB2609 as it is written. The dollar figure is too low and the time frame should be much, much sooner. Raising minimum wage reasonably will help businesses not hurt them. The more money that is in the pockets of the regular worker, the more money will be pumped into the economy. The more customers there are, the more employees will be needed.

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



From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: qwavesjoe@yahoo.com
Subject: Submitted testimony for SB2609 on Feb 26, 2014 10:35AM
Date: Tuesday, February 25, 2014 1:53:12 PM

SB2609

Submitted on: 2/25/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Joe Wilson	Individual	Support	No

Comments: Hawaii legislators should support a raise for the lowest wage earners, with no deduction for tips. The chairpeople of the House and Senate money committees should allow the bills to be heard. Minimum wage workers deserve a raise. Please support SB2609.

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

Senator David Y. Ige, Chair
Senator Michelle N. Kidani, Vice Chair
Senate Committee on Ways and Means

Jessica Valdez
BSW, Hawaii Pacific University

Wednesday, February 26, 2014

Support for S.B. No. 2609, Relating to Minimum Wage

I am a BSW student attending Hawaii Pacific University. I am testifying in favor of S.B. No. 2609, Relating to Minimum Wage, which would raise the minimum wage between 2015 and 2017, require adjustments to the minimum wage in accordance with the Honolulu region consumer price index starting from 2017, and eliminate the tip credit.

As a former restaurant worker, I am one of the many people who have experienced the impact that the current minimum wage rate has had in the context of the state's shifting economy. Minimum wage is an issue that impacts everyone in Hawaii because it concerns the increasing disparity between the rising cost of living and the decreasing ability for individuals and families to provide for themselves and ensure their socioeconomic wellbeing. An increase in minimum wage has been long overdue and would bring positive growth in socioeconomic wellbeing for the people as a whole.

Please consider the potential that this measure has to diminish the economic disparity that has been challenging individuals and families in Hawaii. I strongly urge the committee to pass S.B. No. 2609. Thank you for the opportunity to testify on behalf of this measure.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: lkaili@mebaunion.org
Subject: *Submitted testimony for SB2609 on Feb 26, 2014 10:35AM*
Date: Tuesday, February 25, 2014 10:07:34 AM

SB2609

Submitted on: 2/25/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
luke kaili	Individual	Support	No

Comments:

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

Testimony in Strong Support, SB 2609 Relating to the Minimum Wage

The majority of women working in minimum wage jobs are tipped workers. The restaurant industry has one of the highest concentrations of workers (39%) earning at or below the minimum wage. Restaurant servers, the largest group of tipped workers, experience poverty at nearly three times the rate of the workforce as a whole. Of these servers, 71% are women. A female restaurant worker is paid just 79% of what her male counterpart earns. The tip credit exacerbates the hardship of gendered disparities in earnings. In this way, pay inequity stifles the economy, exacerbates poverty and forces more women onto government assistance. The sad irony is that a majority of the women serving food cannot afford to eat or feed their children.

Increasing the minimum wage has been identified as one of the most important ways we can alleviate the wage gap between men and women. Over a 40 year working career, the average woman is paid \$413,000.00 less than her male counterparts, with the same education, performing the same work. Nationally, that means the United States loses out on close to 477 billion dollars because of the wage gap. Increasing the minimum wage raises the floor so that women can earn more, thereby decreasing the wage gap.

Finally, the Commission supports a repeal of the tip credit. At the very least, we support no increase to the tip credit, which should be seen as it truly is: a tip deduction. Tips rightfully belong to the employee performing a service for the tip. While a few employers of tipped workers will argue otherwise, the majority of tipped workers in Hawaii are not becoming wealthy off of their tips. Their tips are hard earned, paid by customers to the employee for a very specific service performed, and help to subsidize their low minimum wage.

Increasing wages to our lowest paid workers directly leads to lower turnover and encourages employers to invest in their workers. Raising the minimum wage has the ability to promote our economic recovery by raising income for Hawaii's workforce and thereby lifting families out of poverty and toward financial security. The Commission strongly supports an increase in the minimum wage. Thank you for this opportunity to testify.

From: mailinglist@capitol.hawaii.gov
To: [WAM Testimony](#)
Cc: wctanaka@gmail.com
Subject: *Submitted testimony for SB2609 on Feb 26, 2014 10:35AM*
Date: Monday, February 24, 2014 10:07:55 PM

SB2609

Submitted on: 2/24/2014

Testimony for WAM on Feb 26, 2014 10:35AM in Conference Room 211

Submitted By	Organization	Testifier Position	Present at Hearing
Wayne	Individual	Support	No

Comments:

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