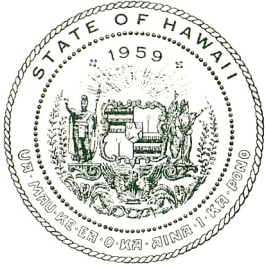


**SB2609**

**LATE**

HAWAII  
STATE  
COMMISSION  
ON THE  
STATUS  
OF  
WOMEN



Chair  
LESLIE WILKINS

COMMISSIONERS:

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

Executive Director  
CATHY BETTS, JD

Email:  
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Visit us at:  
[humanservices.hawaii.gov/hscsw/](http://humanservices.hawaii.gov/hscsw/)

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

January 30, 2014

To: Senator Clayton Hee, Chair  
Senator Maile S.L. Shimabukuro, Vice Chair  
Members of the Senate Committee on Judiciary and Labor

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

Re: Testimony in Strong Support of HB 2609, Relating to 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 SB 2609, which would incrementally increase the minimum wage to \$10.10 and repeal the tip credit.

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 living and basic expenses (food, housing, utilities and gasoline) 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.<sup>1</sup> If the minimum wage had kept pace with inflation since 1968, the minimum wage would be over \$10.70 per hour today.<sup>2</sup>

In Hawaii, 1 in 5 minimum wage earners receive Supplemental Nutrition Assistance Program (SNAP). 1 in 5 minimum wage workers has someone in the family reliant on Medicaid. Additionally, 1 in 5 minimum wage workers have at least one child that receives free or reduced price school meals.<sup>3</sup> The longer we wait to increase the minimum wage, the more our low wage earners becomes reliant on state benefits to make ends meet. Currently, 22,000 of Hawaii's children under six live in low income working families.<sup>4</sup> Hawaii's poverty rate of 17.3% makes Hawaii the 9<sup>th</sup> poorest in the nation.<sup>5</sup>

How the Minimum Wage 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 line for a family of three.<sup>6</sup> Raising the minimum wage has been identified as one of the most important ways we can collectively close the gender wage gap.<sup>7</sup> Most female minimum wage earners are the sole breadwinner 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 important things, like pay the rent, pay their electricity and feed their children.<sup>8</sup> Increasing the minimum wage to **\$10.10** per hour boosts annual earnings, and is enough to pull a **family of three out of poverty**.<sup>9</sup> The majority of women working in minimum wage jobs are tipped workers. Research indicates that tipped workers. Restaurant servers, the largest group of tipped workers, experience poverty at nearly three times the rate of the workforce as a whole. 70% of these workers are women.<sup>10</sup> The Commission supports a repeal of the tip credit. 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 subsidize their minimum wage.

Raising the Minimum Wage Benefits All

Increasing wages to our lowest paid workers directly leads to lower turnover and encourages employers to invest in their workers.<sup>11</sup> Raising the minimum wage has the ability to promote our economic recovery and lift our families out of poverty and toward financial security.<sup>12</sup>

The Commission strongly supports SB 2609. Thank you for this opportunity to testify.

---

<sup>1</sup> Research and Statistics Office, Department of Labor and Industrial Relations (DLIR)

<sup>2</sup> 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

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

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

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

<sup>6</sup> 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.

<sup>7</sup> *Id.*

<sup>8</sup> *Id.*

<sup>9</sup> *Id.*

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

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

<sup>12</sup> Research and Statistics Office, DLIR

# UNITE HERE!

LOCAL  HAWAII

*Eric Gill, Financial Secretary-Treasurer*

*Hernando Ramos Tan, President*

*Godfrey Maeshiro, Senior Vice-President*

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Wednesday, January 29, 2014

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

*RE: SB 2609, relating to minimum wage*

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

UNITE HERE Local 5, a local labor organization representing 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.

**From:** [SUP Honolulu Branch](#)  
**To:** [JDLTestimony](#)  
**Subject:** Minimum Wage Bill SB 2069  
**Date:** Wednesday, January 29, 2014 11:30:28 AM

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Aloha,

The Sailors Union of the Pacific (SUP) strongly support a minimum wage increase and appreciate Senator Hee's position of \$10.10 an hour.

We strongly support S.B. 2069 repeal of the tip credit, but strongly oppose any efforts to raise the tip credit.

Mahalo,

Michael Dirksen  
Honolulu Branch Agent  
Sailors Union of the Pacific  
707 Alakea St.  
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Honolulu, Hi. 96813  
808-533-2777  
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## Asian Pacific American Labor Alliance

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

Testimony by  
Asian Pacific American Labor Alliance, AFL-CIO, Hawaii Chapter

January 30, 2014

S.B. 2609 – RELATING TO  
MINIMUM WAGE

APALA is one of the constituency groups of the AFL-CIO. It is the first and only national organization of Asian Pacific American union members. APALA's agenda supports organizing workers, advocating for civil rights, social and economic justice, and increasing the participation of Asian Americans in the political process.


APALA supports the purpose and intent of SB 2609 which increases the minimum hourly wage from the current \$7.25 per hour to \$8.20 per hour on January 1, 2015; to \$9.15 per hour on 01/01/16; to \$10.10 per hour on 01/01/17; and thereafter, authorizes the department of labor and industrial relations to adjust the minimum hourly wage based on the Honolulu region consumer price index.

Raising the minimum wage to \$8.20 an hour will mean an additional \$1,946 a year to help full-time minimum wage earners support their families. Furthermore, the elimination of the tip credit will provide greater wage certainty for service workers. Whether you're a parent supporting a family, or a senior whose savings were lost through the financial meltdown, these are hard-working people of our community and it is right to reward them fairly for their labor.

In states that have already raised their own minimum wage, economic studies show no adverse impact to the state economy. In fact, raising the minimum wage has resulted in less employee turnover, increased productivity, more job growth, not job losses.

We respectfully request passage of the measure, as written. Thank you for the opportunity to testify in strong support of S.B. 2609.

Sincerely,

  
James Wataru  
Hawaii Chapter President  
APALA, AFL-CIO

# Kaua`i Community Alliance

c/o Catholic Charities Hawai'i, 3016 'Umi Street, Suite 207, Lihu'e, HI 96766

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## TESTIMONY IN SUPPORT OF SB 2609: RELATING TO MINIMUM WAGE

TO: Senator Clayton Hee, Chair; Senator Maile Shimabukuro, Vice Chair; and members of the Senate Committee on Judiciary and Labor

FROM: Debra deLuis, Chair, Kaua'i Community Alliance

Hearing: **Thursday, January 30, 2014, 9:30 AM, Room 016**

Dear Chair Hee, Vice Chair Shimabukuro, and committee members:

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 Debra deLuis, and I am Chair for Kaua'i Community Alliance, a chapter of Bridging the Gap (the Hawai'i Balance-of-State Continuum of Care). Kaua'i Community Alliance is a coalition of service providers and community members focused on the needs of homeless persons and advocating for affordable housing.

Homelessness is a significant social crisis, and Hawai'i has the highest per capita rate of homelessness in the nation. Among the many factors that contribute to homelessness, the very high cost of living and low wages keeps families and individuals at risk of homelessness – if they are not already homeless - and unable to lift themselves out of poverty.

Kaua'i Community Alliance 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. Most of the families we serve, including veterans and native Hawaiians, literally live one financial emergency away from homelessness.

We also see the families and individuals we serve struggle to find affordable housing. An efficiency unit at fair market rent costs \$1,160. A single minimum wage worker would be paying over 90% of their income for this small unit or would need to work 120 hours per week for this rent to be affordable. Single parent families have an even more difficult time with higher rents and additional expenses.

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.

Kaua'i County Chapter, Bridging the Gap  
The Neighbor Island Continuum of Care

Kaua'i Community Alliance is a collaborative working together to end homelessness and create sustainable housing options on Kaua'i and in the State of Hawai'i.

January 29, 2014

Judiciary and Labor Committee  
Clayton Hee, Chairman


Re: Testimony in support of SB 2609

Aloha,

The Marine Firemen's Union strongly supports a minimum wage increase and appreciates Senator Hee's position of \$10.10 an hour.

We strongly support S.B. 2069 repeal of the tip credit, but strongly oppose any efforts to raise the tip credit.

Mahalo,

  
Bonny S. Coloma  
Port Agent  
Honolulu Branch





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## Progressive Democrats of Hawai'i

<http://pd-hawaii.com>

1418 Mokuna Pl. Pl, Honolulu, HI 96816

email: [info@pd-hawaii.com](mailto:info@pd-hawaii.com)

tel: 808-542-9084

### SENATE COMMITTEE ON JUDICIARY & LABOR

Sen. Clayton Hee, Chair  
Sen. Maile Shimbukuro, Vice Chair

Date: Thursday, January 30, 2014

Time: 9:30 a.m.

Place: Conference Room 16

#### **SB 2609, RELATING TO MINIMUM WAGE**

In STRONG SUPPORT

Good morning, Chairman Hee, Vice-Chair Shimabukuro and members of the committee,.

My name is Bart Dame and I am testifying today on behalf of the Progressive Democrats of Hawaii in strong support of SB 2609.

This is the first of several bills to be heard this session aiming to raise the minimum wage and, overall, it appears to be the best from our point of view.

We like the proposal to raise the bill to \$10.10. This is consistent with President Obama's proposal and, while we believe the higher cost of living in Hawaii justifies a higher state minimum wage than the federal one, we are cognizant too great a hike might have a jarring effect on some marginal businesses.

SB 2609 proposes raising the minimum wage with three increases of \$.95 cents each year. We would suggest since the Legislature has neglected to increase the minimum wage for the past seven years, an increase is overdue. We further urge the bill be amended by borrowing the stepped increases from the Governor's bill:

Raise it to \$8.75 in 2015; \$9.50 in 2016; and \$10.00 in 2017. (OK, increase the last step to \$10.10.)

We are pleased SB 2609 contains a built-in cost-of-living increase formula which will help prevent situations like the present one where the Legislature must constantly intervene to raise the rate. The current law, lacking a mechanism for an automatic increase, has the effect of deciding the minimum wage should NOT go up without a conscious intervention by the Legislature.

When I first entered the workforce, at age 16, the minimum wage was \$1.60, established in 1968. Because of the rise of the cost of living, that \$1.60 would have to be \$10.71 today to have the same purchasing power. So when this bill raises the minimum wage to \$10.10 by 2017, is actually significantly lower than what it should be if the 1968 minimum wage was appropriate.

The Democratic Party took control of the Territorial Legislature in 1954 with the so-called “Democratic Revolution.” This year is the 60<sup>th</sup> anniversary of that triumph. It was a time when the unions were much stronger and the Party was much more aligned with the social vision which animated those unions. In some ways, the Revolution of 1954 combined elements of what happened on the mainland with the New Deal reforms of the 1930s, with aspects of the Civil Rights movement of the 1950s and 60s.

But the Democratic Party has become “the party of governance” for most of the years since then. Our elected officials, in many ways, have become “the Establishment,” at ease with the powerful entrenched special interests, some of them traditionally Democratic, but others would very well be Republican in other states. The traditional Democratic social vision, certainly a commitment to ensure working people, if they worked hard enough, would have a decent standard of living, has given way to a more eclectic accommodation with corporate interests. The refusal to raise the minimum wage for seven years is a clear signal of how far we have strayed from the original Democratic project.

A hike in the minimum wage is, in many ways, a conservative approach to income inequality and problems of increased poverty. When we hear that 40% of the homeless, or “houseless”, in Hawaii are employed, what better way to help them out of their situation than tying an increase in their opportunities to their own labor? For those who cannot otherwise think of a solution to the “homeless problem,” why not just pay those of them who work more money? It won't help all, but it will definitely help some of them, in very real ways.

A minimum wage increase will also lessen the social costs that Hawaii taxpayers suffer when we have to subsidize Walmart, McDonald's and other companies in the service sector that pay a minimum wage that leaves their employees so impoverished that they are eligible for Medicaid-QUEST, SNAP food stamps, and other welfare services.

It is also “conservative” to provide people an avenue for hope that if they just “apply themselves,” they can SEE a chance for a better life for themselves and their loved ones in the near future. What has been lost in the real world conservatism of those who prefer an end to the minimum wage, is that there has been an increase in depression and the loss of hope. The rapidly expanding gap between the rich and the poor, as well as the collapse of the American Middle Class, is “immoral” because it increasingly means the prospect for uplift, the sort of accomplishment conservatives like to PRETEND they believe in, the chances of improved conditions, is shrinking as inequality grows.

So, yes, we “progressive” Democrats ask that you raise the minimum wage as a sincere, perhaps “compassionate conservative” approach for uplifting low-income working people.

Finally, to dispel the appearance being too conservative, let me reinforce the Keynesian argument that an increase in the minimum wage on the scale proposed in this bill, will increase the purchasing power of low-income people many times over. At present, minimum

wage earners are barely getting by. They have very little “discretionary” spending money available to them after paying rent, utilities, car payments, insurance, grocery and medical bills. A hike to \$10.10 would represent a 39% increase in income over those three years and will spur a significant increase in their spending. This will slowly result in more consumption in the businesses, shops, and restaurants they patronize, leading to an increase in hiring and profits for those businesses. There will be a growth in the communities where lower income people live and shop. And the benefits will ripple through the economy.

While we like the frontloaded wage increases of the Governor's bill, we prefer the provision in SB 2609 which would tie increases in the minimum wage, after 2017, to increases in the consumer price index (CPI). This is more beneficial for both businesses and for employees. For when the Legislature fails to raise the minimum wage through legislation, and then must increase the wage significantly when it finally stirs into action, this needlessly causes a jarring effect on small businesses. Better to ensure smaller, continuous, steady and predictable minimum wage increases than larger, sudden lurches. Attaching the minimum wage to the CPI will have this calming effect.

As for the tip credit, we think that is largely a false controversy. I listened to the testimony from restaurant owners last year and heard them try to pit tipped employees in the front of the restaurant with the untipped employees in the kitchen. They implied the lack of a higher tip credit was preventing them from giving raises to the dishwashers, cooks and food prep workers. Again, I will revert to a more “conservative” perspective and suggest the wages for dishwashers are determined by market forces, not by the profit margin of the bar or restaurant owner. If they have to pay \$10 an hour to get a responsible dishwasher to show up, on time, consistently, that is what they will pay. If they can find someone for \$9.50, that is what they will pay. So if the tip credit were to increase from 25 cents to \$2, all we can say for certain is that \$2 will be additional profit for the restaurant owner. If he wishes to buy new equipment, that is how it will be spent. If he wants to start another restaurant or renovate the existing place, that is where it will go. If he wants to buy himself a new car or take his wife on a vacation, it is his profit and that is how he will spend it. Even if, the tip credit were to jump and the employer perceive it as a windfall he wants to share with his other employees, that will only be temporary, as market forces will tend to push dishwasher wages back to what it takes to ensure a responsible person shows up and gets the job done. Not more. Not less. But what the market will bear.

So we suggest eliminating the tip credit. If the employer thinks their waiters and waitresses are being tipped too much by their patrons, they do not need to seek legislative action. They can just ask their customers to tip less. No need for the government to get involved.

Thank you for this opportunity to testify.



National Association of Social Workers Hawai'i Chapter

January 27, 2014

TO: Senator Clayton Hee, Chair Senate Committee on Judiciary and Labor  
Senator Maile S.L. Shimabukuro, Vice Chair  
and Committee Members

January 30, 2014 at 9:30 a.m. Conference Room 016

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

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

Senator Clayton Hee Chair, Senator Maile S.L. Shimabukuro Vice Chair, and members of the Senate Committee on Committee on Judiciary and Labor, 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.



**HPCA**

HAWAII PRIMARY CARE ASSOCIATION

**Senate Committee on Judiciary and Labor**

The Hon. Clayton Hee, Chair

The Hon. Maile S.L. Shimabukuro, Vice Chair

**Testimony in Support of Senate Bill 2609**

**Relating to Minimum Wage**

**Submitted by Robert Hirokawa, Chief Executive Officer**

**January 30, 2014, 9:30 am, Room 016**

The Hawaii Primary Care Association (HPCA), which represents the federally qualified community health centers in Hawaii, supports Senate Bill 2609, increasing the state minimum wage over each of the next three years.

The HPCA is a staunch believer in the social determinants of health, those economic and social conditions that influence an individual and a community's health status. These conditions serve as risk factors endemic to a person's living and working environment, rather than their behavioral or genetic histories. Factors such as income, education, access to recreation and healthy foods, housing, and employment, can and do have measurable impacts on a person and a community, both in health and financial outcomes.

Senate Bill 2609 speaks to a fundamental determinant by taking steps to bring the state minimum wage up to a living wage standard. Here in Hawaii, the rate of unemployment is just 4.4%, while over 17% lives in poverty. This is in no small part because the state minimum wage of \$7.25 has not been adjusted in seven years, despite rapid rises in inflation and cost of living.

For these reasons, we strongly support this measure and thank you for the opportunity to testify.



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January 29, 2014

Senate Committee on Judiciary and Labor  
Thursday, January 30, 2014, 9:30am  
Conference Room 016

**SB2609 – Relating to Minimum Wage**

Dear Chair and Committee Members:

I am writing on behalf of Hawaiian Community Assets (HCA) in **SUPPORT** of SB2609 – Relating to Minimum Wage, legislation that would help strengthen our local economy and build stability in our local housing market.

HCA is a HUD-certified financial education provider and housing counseling agency founded in 2000. Our organization serves 1,5000 low-income families and 500 children with free, HUD-certified financial education and housing counseling annually through our statewide offices.

In 2010, HCA secured \$1.3 million in funding from the Administration for Native Americans and Office of Hawaiian Affairs to implement a 3-year project to integrate HUD-certified financial education and housing counseling within 3 transitional shelters on Oahu’s Waianae Coast – Kumuhonua, Ulu Ke Kukui, and Ohana Ola O Kahumana. The goal of the project was to increase the financially capability of homeless individuals and families to secure permanent housing.

During focus groups conducted in September 2013 as part of the project, homeless project participants identified and voiced their support for Raising the Minimum Wage for Hawaii Workers as a solution to income as a barrier to permanent housing. According to HCA’s Annual Project Report released January 2014, 40% of the homeless individuals residing at the 3 shelters were employed, but failed to make enough money to afford public or private rental housing. The average annual income of homeless individuals residing at the 3 shelters was reported at \$13,427 – slightly more than the Federal poverty guidelines for Hawaii. Based on this annual income, the average homeless individual residing at the 3 shelters would have to earn 20% more income per month to simply pay rent on a private, 1-bedroom apartment located in Honolulu County, leaving \$0 left over for food, clothing, health care, and other basic necessities.

Your support of SB2609 would be a major step assisting our homeless children and families in overcoming barriers to permanent housing, namely, having the income necessary to secure

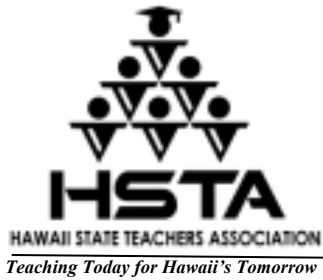
rentals and build stability in our local housing market. Furthermore, increased cash flow for our Hawaii families would strengthen our local economy by reducing dependence on our already-strained public assistance programs and through increased spending at Hawaii businesses.

Mahalo for your time, leadership, and consideration in supporting SB2609 – Relating to Minimum Wage.

Sincerely

A handwritten signature in black ink that reads "Jeff Gilbreath". The signature is written in a cursive, slightly slanted style.

Jeff Gilbreath  
Executive Director



1200 Ala Kapuna Street ♦ Honolulu, Hawaii 96819  
Tel: (808) 833-2711 ♦ Fax: (808) 839-7106 ♦ Web: [www.hsta.org](http://www.hsta.org)

**Wil Okabe**  
President  
**Joan Kamila Lewis**  
Vice President  
**Colleen Pasco**  
Secretary-Treasurer  
**Alvin Nagasako**  
Executive Director

TESTIMONY BEFORE THE SENATE COMMITTEE  
ON JUDICIARY AND LABOR

DATE: THURSDAY, JANUARY 30, 2014

RE: S.B. 2609 – RELATING TO MINIMUM WAGE

PERSON TESTIFYING: WIL OKABE  
HAWAII STATE TEACHERS ASSOCIATION

The Honorable Chair Clayton Hee, The Honorable Vice-Chair Maile Shimabukuro and the Members of the Committee:

HSTA is the exclusive representative of more than 13,500 public and charter school teachers statewide. As the state affiliate, of the 3.2 million members of the National Education Association, HSTA supports an increase in the minimum wage.

In 1960, the federal minimum wage earned by a single worker was enough to keep a family of two out of poverty. Today, however, there are only four states in the entire country where the minimum wage is enough for even an individual worker with no family to earn a living wage, meaning one in which a worker can afford food, housing, utilities and other basic expenses. Fortunately, Senate Democrats and President Obama are pushing for an increase of the federal minimum wage to \$10.10, which would pull more than half of our country's working poor out of poverty.

In the 2014 State of the union speech, President Obama addressed the issue of rising inequality and declining mobility. He stated, " Today the federal minimum wage is worth about twenty percent less than it was when Ronald Reagan first stood here. And Tom Harkin and George Miller have a bill to fix that by lifting the minimum wage to \$10.10. It's easy to remember: 10.10. This will help families. It will give businesses customers with more money to spend. It does not involve any new bureaucratic program. So join the rest of the country. Say yes. Give America a raise. Give 'em a raise."

Workers all across the country are struggling to make ends meet. With the federal minimum wage at a dismal \$7.25 an hour, many workers are unable to earn a wage that meets basic expenses such as food, clothing and housing.

[Research by the National Education Association](#) tells us that 27% of education support professionals earn less than the proposed \$10.10 per hour, and we know that educators



deal with the effects of poverty on their students every day. Students are still coming to school hungry. Most of our students' parents are unable to attend meetings because they are forced to work multiple jobs just to put food on the table. Many education support professionals at our schools are being forced to jump ship for more lucrative jobs.

HSTA believes that the proposed bill will improve the economic viability for current minimum wage workers by giving workers some fiscal stability.

We look to the legislative body to find ways for job creation, hubs of innovation and economic development.

Thank you for the opportunity to **provide comments on SB 2609.**



2343 Kula Kolea Dr. Honolulu, HI 96819

To: COMMITTEE ON JUDICIARY AND LABOR  
Senator Clayton Hee, Chair

Date: Thursday, January 30, 2014, 9:30am, Conference Room 016

Re: SB2609 – Relating to the minimum wage - **Support**

Chair Hee and Committee Members:

My name is Tambry R. Young and I am the president of Citizens for Equal Rights (CFER), an organization that supports and defends the equal rights and protections of all citizens in the state of Hawaii. I am also the CEO of Tidy Up Gang LLC a small commercial cleaning business. In my capacity as President and CEO I stand in support of the passage of SB2609.

CFER believes that all workers should receive fair pay for the work that they perform. We also believe in a living wage which provides workers with income that meets the basic living cost needs associated with calling Hawaii home. Unfortunately, as this bill points out, Hawaii's current minimum wage is not keeping pace with cost of living increases. Raising the minimum wage will help to meet some of the cost increases and sets forth a plan to meet future increases. While CFER would like to see the minimum wage increase to \$10.10 per hour by 2015, we understand that businesses need the incremental steps to ensure their businesses can prepare for the increase in payroll costs.

CFER also supports the repeal of the tip credit. We believe that when a gratuity is given to a server, that gratuity is for services that are above and beyond the basic expectation required of that position. Tips or gratuities should not be used to meet the minimum wage requirements for that position.

As the CEO of a small business I have the ability to decide what my employees are paid. Because of the type of work that my company does and the skill-level of the challenged individuals that I have hired, I could pay them the minimum wage and would most likely not get any complaints from them. However, as their employer, I feel a responsibility to my employees to help them feel empowered and to become productive citizens in our community. While I do pay my workers well above the minimum wage, my expectation of their work performance is also well above basic requirements. I think that if I paid my workers the minimum wage required by law, I would NOT have the productivity levels that I have experienced. I believe that showing my employees that I am willing to invest my profits in them I have gained loyal and hard working employees that take ownership for the work they do, pride in themselves and for my business.

I believe improved employee satisfaction and productivity outweigh the additional cost that the minimum wage increase proposed in this bill may have on business. I ask that you support the passage of SB2609.

Tambry R. Young  
President – Citizens for Equal Rights  
CEO – Tidy Up Gang LLC



January 30, 2014

**TO:** Senator Clayton Hee, Chair  
Senator Maile Shimabukuro, Vice Chair and  
Members of the Committee on Judiciary and Labor

**FROM:** Jeanne Y. Ohta, Co-Chair

**RE:** SB 2609 Relating to Minimum Wage  
Hearing: Thursday, January 30, 2014, 9:30 a.m., Room 016

**POSITION:** STRONG SUPPORT

The Hawai'i State Democratic Women's Caucus writes in strong support of SB 2609 Relating to Minimum Wage which proposes increases in the minimum wage in the years 2015, 2016, and 2017 and which would also repeal the tip credit.

The minimum wage in Hawai'i has not been increased in almost 8 years. Hawai'i is the most expensive state to live in, yet 21 states and the District of Columbia have higher minimum wages. Hawai'i also has a higher cost of living, which makes it even more difficult for minimum wage workers to make ends meet and to support themselves and their families.

Raising the minimum wage is important to our families because 20% or 22,000 of Hawai'i's children under six live in low-income working families. Many claim that minimum wage earners are teenagers working for the summer or at part-time jobs; however, 85% of minimum wage earners are 21 and older and 84% of minimum wage earners work more than 20 hours a week and 30% work 35 or more hours a week.<sup>1</sup>

Increasing the minimum wage is especially important for women, LGBT workers, and immigrants, who are more likely to be low-wage earners.<sup>2</sup>

We also strongly support eliminating the tip credit. Restaurant servers, the largest group of tipped workers, experience poverty at nearly three times the rate of the workforce as a whole, and 70% of servers are women.<sup>3</sup>

During the time that minimum wage earners have not seen a raise in their wages, the median pay of a CEO at a company in the Standard & Poor's 500-stock index rose by nearly 20 percent from 2011 to 2012, according to a report by the research firm GMI Ratings.

We urge the committee to pass this important measure and we thank the committee for the opportunity to submit our testimony in strong support of SB 2609.

---

<sup>1</sup> U.S. Census Bureau, 2008-2012 American Community Survey

<sup>2</sup> U.S. Census Bureau, 2008-2012 American Community Survey

<sup>3</sup> Bureau of Labor Statistics (BLS), U.S. DOL, from the Current Population Survey by the U.S. Census Bureau



January 28, 2014

Senator Clayton Hee, Chair  
Senator Maile Shimabukuro, Vice Chair  
Hawaii State Capital  
415 South Beretania Street, Conference Room 016  
Honolulu, Hawaii 96813

Subject: S.B. 2609 Hearing January 30, 2014 Testimony in **Support**.

To: Sen. Clayton Hee and Maile Shimabukuro and the Committee on Judiciary and Labor.

Aloha, my name is Steve Canales, and I strongly support S.B. 2906, Relating to Minimum Wage.

This measure will increase the minimum wage to \$10.10. The Facts are that the minimum wage has not been increased since 2007. Cost of Living in Hawaii is one of the highest in the country. Many of the minimum wage workers are Students (High School, Collage, and University) and the Elderly.

The great qualities of this measure addresses: the elimination of the tip credit, increasing minimum wages by using the Consumer Price Index.

Nineteen other States have higher Minimum Wage than Hawaii, as a friendly amendment the minimum wage should start at \$10.10 an hour with the Consumer Price Index, and no tip credit.

We the Labor Caucus of the Democratic Party of Hawaii **strongly support** S.B. 2609. I would like to thank, the Committee on Judiciary and Labor for this opportunity to testify.

Sincerely,

Steve Canales  
Labor Caucus Chair  
Democratic Party of Hawaii  
404 Ward Avenue Suite 200  
Honolulu, Hawaii 96806

Dr. Martin Luther King Jr. Coalition Hawai'i

[www.mlk-hawaii.com](http://www.mlk-hawaii.com) & [mrjoy@hawaii.rr.com](mailto:mrjoy@hawaii.rr.com)

TESTIMONY FOR BILL S.B 2609

RELATING TO MINIMUM WAGE

**COMMITTEE ON JUDICIARY AND LABOR**

Senator Clayton Hee, Chair

Senator Maile S.L. Shimabukuro, Vice Chair

January 30, 2014

9:30 am

Conference Room 016

Testimony in strong support of Bill S.B. 2609

Aloha Senators,

We request that you honor the dignity of work by passing this bill.

Now that we have come to the end of the Martin Luther King, Jr. Holiday the media and little school children have written essays and wrapped him safety in a dream. The churches have sung his praises and the United States has built a monument to his glory. Dead men cannot challenge the mythical image that has been created since April 8, 1968. And it is easier to create stories and build monuments that to build a better world.

We must remember, the March on Washington, 50 years ago, that all of the speeches were making demands . . . they all asked for full civil rights . . . for racial, social and economic justice . . . and for \$2-an-hour minimum wage, across the

board, not just for Black People. . . but for everyone nationwide. How is that we are asking for a minimum wage of \$10.10 an hour after all of these years?

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".

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.

Also 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?

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

Food is more than \$800 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.

Aren't we supposed to be Paradise and the land of Aloha? When did this sort of thinking fly out the window? Please pass this bill.

Mahalo

MarshaRose Joyner

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

[mrjoy@hawaii.rr.com](mailto:mrjoy@hawaii.rr.com)

808-741-4612



# LIFE OF THE LAND

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## **COMMITTEE ON JUDICIARY AND LABOR**

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

DATE: Thursday, January 30, 2014  
TIME: 9:30 a.m.  
PLACE: Room 016

## **SB 2609 MINIMUM WAGE**

## **STRONG SUPPORT**

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

Life of the Land is Hawai`i's own energy, environmental and community action group advocating for the people and `aina for four decades. Our mission is to preserve and protect the life of the land through sound energy and land use policies and to promote open government through research, education, advocacy and, when necessary, litigation.

SB 2609 increases the minimum wage rate in three steps, reaching a rate of \$10.10 per hour beginning in 2017. It also repeals the tip credit.

Life of the Land supports the bill and would also support minimum wages that are higher than that proposed in the bill.

It is important that the bill eliminates the tip credit. Tips are rewards that customers give to workers. They are not an offset against employers who seek to short-change workers.

Life of the Land also supports fixing the regressive nature of state taxes. Hawaii has a lower minimum wages than over a dozen other states, a higher cost of living, and a very high tax rate on the most economically challenged sectors. This has to be changed.

Mahalo

Henry Curtis  
Executive Director





## Hawaii Women's Coalition

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

DATE: Thursday, January 30, 2014  
TIME: 9:30AM  
PLACE: Conference Room 016

**STRONG SUPPORT FOR SB2609 that:** would increase the minimum wage rate 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. Repeals the tip credit. 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.

Aloha Chair Hee, and committee members,

The Hawai'i Women's Coalition is in strong support of this measure which is desperately needed to help working women and men survive in our high-cost state. Consider the following.

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. Hawai'i needs a raise to build economic opportunity and stability for all of our workers

Hawai'i is the most expensive state to live in, yet 21 states and the District of Columbia have a higher minimum wage.

- Washington's minimum wage is \$9.32, which is 29% higher than Hawai'i's, but the cost of living in Washington is 55% lower
- Nevada's minimum wage is \$8.25, which is 14% higher than Hawai'i's, but the cost of living is 64% lower
- Oregon's minimum wage is \$9.10, which is 26% higher than Hawai'i's, but the cost of living is 49% lower<sup>3</sup>

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. Hawai'i's poverty rate of 17.3% makes Hawai'i the 9th poorest in the nation. If the minimum wage were to be increased to 10.10 per hour, thereby boosting annual earnings, it would be enough to **pull a family of three out of poverty.**

**Women receive a double whammy – low minimum wage suppressed even lower by the “tip credit”. This dubious policy has been justified by the mythology that restaurant workers are mainly kids working their way through school or some such. But the facts don't bear this out.**

- **2 in 3 tipped workers are women, many of them single parents**
- **1 in 3 are parents and 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 poverty.**

It's time for the taxpayer to stop subsidizing businesses by paying larger sums than necessary for the social safety net, if only the workers were paid a decent wage. It's time to hold the restaurant industry in particular accountable for paying their workers, most of whom are women, a decent minimum wage. The tip credit should not be a work-around for avoiding the minimum wage law.

Mahalo for the opportunity to testify,  
Ann S. Freed Co-Chair, Hawai'i Women's Coalition  
Contact: [annsreed@gmail.com](mailto:annsreed@gmail.com) Phone: 808-623-5676



92-954 Makakilo Dr. #71 Kapolei, HI 96707 Email: [Rainbowfamily808@gmail.com](mailto:Rainbowfamily808@gmail.com) Phone: 808-779-9078 Fax: 808672-6347

January 29, 2014

RE: Update - SB2609 MINIMUM WAGE

**In Strong Support**

TO: Senate Chair, Vice Chair and members of the Senate Judiciary Committee

Aloha Senators,

Rainbow Family 808 proudly supports SB2609 for the benefit of all families in Hawaii. Now only do all islands have families of all sizes living on the beaches and the streets of our state, some of them hold down multiple minimum wage jobs.

As a social worker and community concerned citizen since 1981, I have seen the harm of poverty in our state. It certainly isn't in keeping with caring for our o`hana or in the spirit of Aloha.

In 1948, the Universal Declaration of Human Rights was signed at the United Nations. This rights are more detailed than the US Bill of Rights and need to be considered with SB2609 on Minimum Wages.

In particular of the Universal Declaration of Human Rights, Articles 23 and 25 pertain to SB2609:

Article 23.

- (1) Everyone has the right to work, to free choice of employment, to just and favourable conditions of work and to protection against unemployment.
- (2) Everyone, without any discrimination, has the right to equal pay for equal work.
- (3) Everyone who works has the right to just and favourable remuneration ensuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection.
- (4) Everyone has the right to form and to join trade unions for the protection of his

interests.

Article 25.

- (1) Everyone has the right to a standard of living adequate for the health and well-being of himself and of his family, including food, clothing, housing and medical care and

necessary social services, and the right to security in the event of unemployment, sickness, disability, widowhood, old age or other lack of livelihood in circumstances beyond his control.

The only fault we find with SB2609, are the start date and the extended dates to achieve the goal of \$10.10 per hour. Hawaii hasn't had an increase for minimum wage in far too long.

Please focus on the needs of the families and pass SB2609 on Minimum Wages for the benefit of all our families..

Thank you,

Carolyn Martinez Golojuch, MSW

President – Rainbow Family 808.com



# HAWAII RESTAURANT ASSOCIATION

2909 Waialae Avenue #22  
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[www.hawaiirestaurant.org](http://www.hawaiirestaurant.org)

Phone: (808) 944-9105  
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[Info@HawaiiRestaurant.org](mailto:Info@HawaiiRestaurant.org)

**DATE:** January 29, 2013

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

**FROM:** Roger Morey, Executive Director

**RE:** Opposition to SB2609 Relating to Minimum Wage

Senate Bill 2609 proposes to increase the minimum wage:

- to \$8.20 per hour beginning in January 2015
- to \$9.15 per hour beginning in January 2016
- to \$10.10 per hour beginning January 2017

Additionally, it repeals the tip credit and ties potential increases to the CPI.

The Hawaii Restaurant Association opposes this bill.

Nonetheless, our industry welcomes discussion on these issues - in part, because in our 3,000+ locations in Hawaii provide more than 85,000 jobs, 14% of the Hawaii workforce. As well, our annual sales add \$3.7 billion to our economy. The livelihood of so many of our employees, managers and business owners will be negatively impacted by such a measure. The discussion about jobs and employment in Hawaii should be frank and open.

A poll released earlier this week confirms what most of us already know - that more Americans believe a wage increase is not the most effective way to solve the issue of income inequality in our country. The majority of Americans believe that increased education and training opportunities would have more of a lasting effect in reducing poverty than raising the minimum wage. They are right and study after study prove it.

Providing individuals with a path to upward mobility is a critical Hawaii issue with long-term economic implications. Some perceive that such a large increase in the minimum wage as an easy solution, irrespective of numerous economists and scholars who argue that a dramatic

increase in the minimum wage will have little meaningful impact in reducing poverty and is likely to do more harm than good.

Our conversation should consider the range of implications of raising the minimum wage and how that would affect new entrants into the workforce and business owners small and large, our economy and the ability to create jobs and provide opportunities for advancement.

SB 2609, which proposes a \$10.10 an hour minimum wage, would limit employment opportunities, disproportionately affecting teens, and the low-skilled and entry-level position workers who most need that help. While many of these workers begin with little or no skills, they are able to get a job working in a restaurant and gain that critical experience for future personal/professional growth.

The restaurant industry trains the Hawaii workforce. One in three Americans today started their career in the restaurant industry, the training ground for millions of entry-level workers who have built critical competencies of personal responsibility, teamwork, conflict resolution, discipline and accountability.

Our industry is not just a pathway to other careers. Many of our jobs are managers, crew supervisors and chefs in restaurants - salaried positions that offer competitive pay and benefits, and are firmly middle class jobs that do in fact support families. What you don't hear from the unions is that the majority of restaurant workers who start at entry-level wages receive a raise within the first 12 months on the job.

I am proud to be associated with the restaurant industry and to represent people - entrepreneurs of every ethnicity and nationality - who care about their employees and their communities. The economic value of the restaurant industry improves the lives of thousands of individuals in Hawaii.

Instead of focusing on a shortsighted and ineffective approach in an election year, our time and energy should be aimed at finding a solution that involves pro-growth proposals that will help create jobs, strengthen the middle class, increase opportunities for families and put more money back into the economy.

Respectfully submitted,

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



## *Nursing Advocates & Mentors, Inc.*

*... a non-profit organization with a mission to address the global nursing shortage by providing guidance and assistance for nursing colleagues to obtain their professional license in nursing.*

*NAMI, P.O. Box 2034 Aiea, HI 96701*

*E-mail: bramosrazon@aol.com*

### **TESTIMONY IN STRONG SUPPORT OF SB 2609**

Senate Committee on Judiciary and Labor

Jan. 30, 2014, 9:30 a.m. | Hawai'i State Legislature | Room 016

To: Honorable Sen. Clayton Hee, Chair and Honorable Sen. Maile S.L. Shimabukuro, Vice Chair  
Honorable Committee Members: Sen. Mike Gabbard, Sen. Brickwood Galuteria, Sen. Les Ihara,  
Sen. Malama Solomon, Sen. Sam Slom

From: Beatrice Ramos-Razon, Founder and President, Nursing Advocates and Mentors, Inc.

Dear Chair Hee, Vice Chair Shimabukuro, and Committee Members:

My name is Beatrice Ramos-Razon. As the founder and president of NAMI (Nursing Advocates & Mentors, Inc.), I am proud to submit our strong support for these bills. NAMI's membership is comprised of over 75 volunteer nurses, instructors, allied health care professionals, and Filipino leaders, who are dedicated to improve the health of Hawai'i's people through education, mentoring, advocacy and service.

NAMI believes that this minimum wage increase is long overdue, and the right thing to do. Many of our NAMI students we mentor have the grave responsibility to pull together our extended family networks in order to provide financial support to those among us who are vigilantly building their capacity to rise from minimum wage jobs. Many live in multi-family households, often times with one family per bedroom, including the living room. Some sleep on the floor--grandparents, parents, and adult children with their own children in a one bedroom/one bathroom or studio dwelling. This is how families, fortunate to have a roof over their heads, survive on minimum wage jobs. This is why it is a challenge for their children to excel in school. Where can they do their homework with family members sleeping on the floor, and resting in between multiple shift work jobs? Those who are minimum wage subsistence earners are industrious, hardworking, law abiding tax payers, who not only believe in the American Dream, but whose cheap labor also make the American Dream possible for those in the upper income brackets in their industries of employment. Minimum wage is a social justice issue for our struggling families.

Thank you for hearing this bill and for the opportunity to share the hope that our communities have in your leadership to champion a basic right for them, as they continue to make our economy work to benefit the people of our Aloha State.

Sincerely,

Beatrice Ramos-Razon, RN, FACDONA, President, Nursing Advocates and Mentors, Inc.



## **TESTIMONY IN STRONG SUPPORT FOR SB 2906**

### **Labor; Minimum Wage; Tip Credit**

Jan. 30, 2014, 9:30 a.m. | Hawai'i State Capitol Conference Rm. 016

To: Committee on Judiciary and Labor  
Senator Clayton Hee, Chair and Senator Maile S.L. Shimabukuro, Vice Chair  
Sen. Mike Gabbard, Sen. Brickwood Galuteria, Sen. Les Ihara, Sen. Malama Solomon,  
Sen. Sam Slom

From: Charlene Cuaresma, Past President, Filipino Coalition for Solidarity

Dear Chair Hee, Vice Chair Shimabukuro, and Committee Members:

My name is Charlene Cuaresma, past president of the Filipino Coalition for Solidarity. The Coalition strongly supports this bill. Since its inception in 1990, the Coalition has represented more than 50 Filipino community leaders, whose aim is to work for social justice issues to empower Filipinos to make socially responsible contributions to Hawai'i and our global neighbors through education, advocacy, and social action.

Recognizing that Filipinos have risen to become the second largest ethnic group in Hawai'i since our first arrivals in 1906, the Coalition is grateful for the significant role Filipinos have played in Hawai'i's labor history to improve the status of working people and their families. Today Filipinos and many immigrant groups make up a sizeable portion of Hawai'i's diverse, service industry work force. It is no accident that our children are over-represented in under-achieving public schools, and under-represented in higher education and in executive positions in the very industries that hire our people at low wages to ensure growing profit margins. Therefore, it is imperative to boost the minimum wage in order for our working poor families to have better means in order to participate more fully in the daily transactions of our economy to meet their basic needs of food, shelter, clothing, transportation, healthcare, education, and more. In so doing, this bill will go a long way to uplift our marginalized families and their children to contribute even more as good stewards for a vibrant economy and stronger communities in Hawai'i's civil society.

As Hawai'i's own President Obama gets the importance of boosting minimum wage, the Coalition extends our gratitude to you for hearing this important bill and for allowing the Filipino Coalition For Solidarity to provide our steadfast support to you to bring justice to our working poor families in the passage of this bill.

Respectfully,

Charlene Cuaresma, MPH, Past President, Filipino Coalition for Solidarity





*Hawaii's Finest Macadamia Nuts ~ Chocolates ~ Confections*

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January 29, 2014

Senate Committee on Judiciary and Labor

Regarding Senate Bill 2609 Increase in the minimum hourly rate and  
Senate Bill 2366 increase in minimum salary requirement to \$5,000 per month

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 two bills referenced above being considered by your committees on January 30, 2014.

Undoubtedly, you have already surmised that I intend to discourage this committee from moving forward on either of these bills. Both will 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. Both 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.

**Minimum Hourly Rate Increases:**

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 proposed change in the salary requirements for exempt employees:**

An increase from a minimum of \$2,000 per month to \$5,000 per month for exempt employees would be impossible for businesses to absorb. The exempt employees at higher levels that have worked hard to achieve those increases would want to be raised to higher levels to keep the distance from the bottom tier to the top. These increases to all levels of exempt employees within an organization would not be possible.

---

A Division of Purdyco Ltd.

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The result would be a reduction in the salaried staff and an unhappy labor force at the levels above \$60,000 that were happy with their salary before the change.

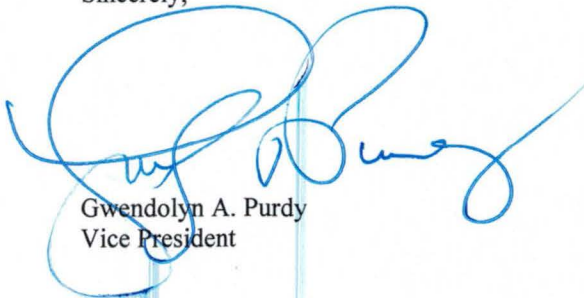
The costs to businesses from these proposed changes would be devastating. It is estimated that a company with 50 workers would need to generate \$150,000 in additional revenue to cover this minimum wage mandate alone. The 300% increase in the minimum for exempt employees as it reverberates to the upper levels of salaried workers – I can't even imagine the cost in dollars and in relationships with salaried staff.

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.

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

Island Princess is not opposed to reasoned and gradual increases in the minimum wage. Show us the evidence that it is necessary for the health of the work force and give us time to adjust to the increases and we won't object. I will tell you, however, 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.

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---

January 29, 2014

Senate Committee on Judiciary and Labor

Regarding Senate Bill 2609 Increase in the minimum hourly rate and  
Senate Bill 2366 increase in minimum salary requirement to \$5,000 per month

On January 31, 2013 we submitted testimony to the House regarding HB1028 and HB916. As with the current legislation you are considering, these bills, if successfully enacted, would mandate huge increases in the minimum wage standard for both hourly and salaried employees of private sector businesses. Our earlier comments are, no doubt, on record in the House. Our fundamental and passionate opposition to efforts such as these remains unchanged and will remain so next year and there-after when we find ourselves, again, confronted by similar ill-considered and poorly conceived efforts.

My name is David Schell and I am the General Manager of the agricultural holdings of Island Princess in Kea'au on the Big Island.

We employ 60 people engaged in the entire spectrum of farm and food processing positions. We pay them all a decent wage that reflects their level of skill, their seniority with the company, their experience and flexibility, their attitude and their dependability. If any one of them can make a reasonable argument as to why they deserve more compensation, we consider it carefully and generally – within the scope of our ability – act in their favor. All of our employees understand this to be the attitude of the owners of Island Princess and their managers. They also understand that if they do not get the wages they feel they deserve they are free to go elsewhere. I think this used to be called “free enterprise”: a system of logical consequences, challenges, efforts and rewards.

Our people have worked hard to achieve the status and compensation they receive. They are proud of what they have done. Sure, they would be happy to get more money for what they do - after all, who wouldn't? I would love to get a 40 percent raise if I was making minimum wage or, even better yet, a 150 percent boost if I was at minimum exempt. I would even venture to claim that my bosses would love to give out raises like that...but, sadly, that isn't the way the real world works.

The real world scenario for the effects of the proposed changes in minimum wage standards looks like this:

1. Employees currently making the proposed minimum wages will be denigrated. It is highly unlikely that they will receive comparable wage increases.
2. Employees currently making the proposed minimum wages will be asked to work along side new hires – some with no experience or measurable skills – at the same rate of pay as they are earning. They will find that to be humiliating and insulting.
3. Companies will shed employees and positions that are simply not worth the new minimum wage standards to them. This result directly damages the people these proposed standards portend to help.

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A Division of Purdyco Ltd.

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4. Young workers and people new to the work force will face even greater challenges finding jobs. The shrinkage in entry level positions will have rippling effects since work experience will be just that much harder to obtain.
5. Companies will be forced to raise the prices of their goods and services. Cost increases to essential goods and services will in turn absorb more of an employee's paycheck, fundamentally reducing their purchasing power.
6. Companies that cannot simply raise their prices because of the competitive global market will be forced to shutter or go out of business. Again, shrinking work opportunities for lower and middle class citizens.
7. As employment opportunities shrink, so do revenues for local, state and federal governments. I am sure some lawmakers think that an increase in minimum wages will automatically translate into increased revenues to the state – more money for more bureaucracy. This conclusion is frightfully flawed and short sighted.
8. Hawaii, a place already extra-ordinarily costly to conduct business in, will become even less attractive for businesses to branch out or relocate here.

These are all natural and logical consequences to enactment of the proposed legislation. There is nothing hysterical or far reaching or the evil pontifications of exploitative business people who fear any threat to their extreme profits. Frankly, anyone of that mind set will not be troubled if these bills should become law. They will simply pull out of the state and take their business elsewhere. Make no mistake, it is the decent, considerate, fair and honest business people that will be crippled by this and that will hurt every single person in this state.

As I said a year ago to the House, business people want to be good citizens. They want to make their employees happy and proud of their jobs and the companies they work for. They want to pay a fair wage and nearly all of them do. They are also compelled to create a sustainable work force that they can afford while at the same time making enough profit to grow their business and improve the possibilities for enhanced compensation for everyone in the company.

Legislators would do themselves a big favor bringing business people into the process rather than all the time proposing half-baked legislation that has - on it's surface - mass appeal but is in reality destructive to everyone concerned. I believe the business community wants the citizens of this state to prosper and benefit from a healthy business environment. Raising the minimum wage in this willy-nilly manner is not the way to bring that about. It will not solve all the poor people's problems. It will absolutely not lead to income equality.

I like my job and I get paid what I consider a generous wage considering the nature of the business I am in. I run this entire operation for \$10,000 more annually than the state would have us pay a front line manager if these bills become law. I want very much to keep my job and I will know exactly who to blame if my bosses call me in one day and tell me they have had it and cannot afford to go on with the forced, massive increases in labor cost. I will be leaving the great state of Hawaii to its legislators and its unemployed.

Thank you kindly for your time. I sincerely hope you all make the right decision.

David Schell  
GM, IP Kea'au Operations.

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A Division of Purdyco Ltd.

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January 29, 2014

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

RE: SENATE BILL 2609, RELATING TO MINIMUM WAGE

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

My name is Jenai Wall. I am the Chairman and CEO of Foodland Super Market Ltd. We employ over 2,600 employees and are Hawaii's only locally owned supermarket with stores statewide. I appreciate the opportunity to provide testimony, and respectfully convey my opposition to Senate Bill 2609 Relating to Minimum Wage.

This measure requires an increase in the minimum wage to \$8.20 per hour, effective January 1, 2015 and to \$9.15 in 2016 and to \$10.10 in 2017; then on January 1 of each subsequent year the Department of Labor and Industrial Relations will be authorized to adjust the minimum hourly wage to the nearest 5 cents based on the Honolulu region consumer price index. While we pride ourselves in offering competitive wage rates for our employees, this change would result in a substantial increase in labor expense and would be difficult for our business to bear in the challenging economic environment within which we operate today.

While I understand the concerns presented in this measure, our company currently provides hourly rates above the current minimum wage rate of \$7.25. Nevertheless, the increased minimum wage will impose an increase on all hourly rates and will especially increase costs for the group of employees where we traditionally experience the highest turnover. Our employees are our most valuable asset and we take great pride in providing fair hourly wage rates for all positions. We also offer a comprehensive and generous benefits package, which includes medical and dental coverage at either low or no cost to the employee and their family, even while medical premiums have increased year after year. We also offer paid leave including holiday pay, vacation pay, and sick leave benefits; 401K and pension contributions, group life insurance, temporary disability insurance, long term disability, worker's compensation coverage, Social Security coverage and other industry related benefits. On average, these additional benefits increase the hourly rate for an employee by 34%.

In addition, all of the benefits listed above are all based on wage. This bill will not only increase our direct labor costs but will also increase our voluntary and mandated benefit costs and taxes.

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

Thank you for the opportunity to submit testimony regarding Senate Bill 2609. If you have any questions, please contact me at Foodland Super Market, Ltd., 3536 Harding Avenue, Honolulu, HI 96816, or via phone at (808) 732-0791.

Sincerely,

Jenai S. Wall  
Chairman and CEO  
Foodland Supermarket Ltd.

# Food Pantry

January 29, 2014

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

RE: SENATE BILL 2609, RELATING TO MINIMUM WAGE

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

My name is Andrew Kawano. I am the Executive Vice President for Food Pantry Ltd. We employ approximately 700 employees in over 50 stores statewide. I appreciate the opportunity to provide testimony, and respectfully convey my opposition to Senate Bill 2609 Relating to Minimum Wage.

This measure requires an increase in the minimum wage to \$8.20 per hour, effective January 1, 2015 and to \$9.15 in 2016 and to \$10.10 in 2017; then on January 1 of each subsequent year the Department of Labor and Industrial Relations will be authorized to adjust the minimum hourly wage to the nearest 5 cents based on the Honolulu region consumer price index. While we pride ourselves in offering competitive wage rates for our employees, this change would result in a substantial increase in labor expense and would be difficult for our business to bear in the challenging economic environment within which we operate today.

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

Thank you for the opportunity to submit testimony regarding Senate Bill 2609. If you have any questions, please contact me at Food Pantry Ltd., 3536 Harding Avenue, Honolulu, HI 96816, or via phone at (808) 732-5515.

Sincerely,



Andrew T. Kawano  
Executive Vice President  
Food Pantry Ltd.



January 29, 2014

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

**RE: SENATE BILL 2609, RELATING TO MINIMUM WAGE**

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

My name is Jamie Tokunaga-Magno. I am the General Manager for Coffee Pacific LLC. We employ approximately 260 employees in 18 The Coffee Bean & Tea Leaf locations statewide. I appreciate the opportunity to provide testimony, and respectfully convey my opposition to Senate Bill 2609 Relating to Minimum Wage.

This measure requires an increase in the minimum wage to \$8.20 per hour, effective January 1, 2015 and to \$9.15 in 2016 and to \$10.10 in 2017; then on January 1 of each subsequent year the Department of Labor and Industrial Relations will be authorized to adjust the minimum hourly wage to the nearest 5 cents based on the Honolulu region consumer price index. While we pride ourselves in offering competitive wage rates for our employees, this change would result in a substantial increase in labor expense and would be difficult for our business to bear in the challenging economic environment within which we operate today.

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In addition, all of the benefits listed above are all based on wage. This bill will not only increase our direct labor costs but will also increase our voluntary and mandated benefit costs and taxes.

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

Thank you for the opportunity to submit testimony regarding Senate Bill 2609. If you have any questions, please contact me at Coffee Pacific LLC, 3536 Harding Avenue, Honolulu, HI 96816, or via phone at (808) 735-7377.

Sincerely,

Jamie Tokunaga-Magno  
General Manager  
Coffee Pacific LLC

*Coffee Pacific LLC*

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Phone: 808.735.7377 • Fax: 808.737.4583  
www.coffeebeanhawaii.com

**From:** [Lynn Robinson-Onderko](#)  
**To:** [JDLTestimony](#)  
**Subject:** SB2609  
**Date:** Wednesday, January 29, 2014 11:36:48 AM

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Aloha,

My name is Lynn Onderko. I am a resident of Ewa Beach. I am writing in strong support of SB2609. It is unacceptable that our minimum wage has not been adjusted with the rate of inflation. We all know that the cost of living in this state is tremendously high and it is inexcusable to keep Hawaii's people living in poverty rather than thriving with a living wage.

I ask our legislators to, please, do all that you can to push this bill through to a vote quickly and make the right choice by voting on the side of Hawaii's workers.

Respectfully, Lynn Onderko  
91-1199 Waiemi Street, Ewa Beach, HI 96706

To: Senator Clayton Hee, Chair  
Maile Shimabukuro, Vice-Chair  
Members of the Senate Judiciary & Labor Committee

From: Rev. Bob Nakata, Social Justice Advocate

Date: January 30, 2014

Subject: SB2609 Relating to Minimum Wage

Thank you for this opportunity to speak in strong support of SB2609, which raises the Hawaii minimum wage to \$10.10 in three years, eliminates the 25 cents tip credit, and then ties the minimum wage to the Cost of Living increase after the third year.

Hawaii has the highest cost of living in the nation and has frequently had the highest minimum wages in the nation. In the last eight years since the last raise in 2007, the great recession hit and helped to freeze the minimum wage at \$7.25 per hour. However, it did not freeze the pay of anyone else. Carpenters, teachers, business people, police, firemen, legislators, judges all have seen their income rise. It is unconscionable that only the pay of the poorest has remained unchanged.

The case for an increase in the minimum wage is strong, as you hear today. Very few are actually against it. So why hasn't it been raised? Because of a desire on the part of the Senate leadership for a tip credit of as much as \$2.00 in exchange for an approximately \$2.00 increase in the minimum wage. That position would have, in effect, meant a zero real increase in the minimum wage for tipped employees. The tip credit is subtracted from the minimum for these workers.

This still appears to be the case, as the Senate leadership still wants a large tip credit, while this Committee and the House want to eliminate the tip credit entirely, as most Western States have done. The tip is a way of rewarding the employee for good service and is given to the employee as a reward. It is not given to the employer to boost the wages of the cooks and dishwashers. It is not given to the employer.



In any case, the average tipped employee's wage is less than \$10.00 an hour, including tip. While true that a minority of tipped employees in high-end establishments do quite well, most do not as indicated by the \$9.87 average wage for tipped employees. Many are on some kind of government safety net program, meaning that government subsidizes minimum wage and other low-wage employers and that the taxpayers pay part of the cost for low-wage employers.

The tip credit should no longer be an excuse to prevent the increase in the minimum wage. Pass SB2609. Thank you.

## **Testimony**

**Re: S.B. No. 2609 Relating to Minimum Wage**

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

**Date: January 30, 2014**

**Time: 9:30 a.m.**

**Place: Conference Room 016, State Capitol**

**Lawrence W. Boyd Ph. D., Center for Labor Education and Research,  
University of Hawaii at West Oahu\***

**\*Institutional identification for identification only, it does not mean support, or endorsement for this testimony or its conclusions by the institutions listed**

### **Summary**

**The following is suggested by the data and analysis below:**

- The minimum wage should be raised to \$10.10. And it should be indexed. Primarily because this will reduce the incidence of poverty among low wage workers and also reduce their dependence on public assistance.**
- The effects on employment and firms will be non-existent. One reason being because the minimum wage and its rise is so low, covers so few people, and basically restores the minimum wage to levels it achieved several years past due to inflation. Secondarily the common mechanism by which firms react to a minimum wage increases is a price rise. If all minimum wage increases were passed through as price rises then restaurants, whose labor costs are 30 percent of total costs, would raise prices by 3 percent for every 10 percent rise in the minimum wage. Statistical evidence indicates this is less.**
- The tip credit should be eliminated because it serves no useful purpose as far as the goals of the minimum wage and actually works at odds to the reasons for a minimum wage hike. It reduces incomes and increases poverty. That participation by employers in it is so low that no harm would come from its elimination.**

## Introduction

Since 2000 there have been a series of studies, published in peer-reviewed journals that indicate increases in the minimum wage produce no statistically significant job losses. There are small increases in restaurant prices, but overall minimum wage increases led to increased wages and incomes for workers. A recent study indicates that a 10 percent increase in the minimum wage reduces poverty by 2 percent among low-income workers.

The intent of minimum wage legislation, going back to its original passage in 1937, has been to reduce poverty among the working poor. In assessing any minimum wage legislation this intent is the reason. Some of the outcomes might be debatable but it is essentially an antipoverty measure. Table 1 below contains two poverty guidelines. One is the official federal poverty guideline and the second is the Supplemental Poverty Measure. Using federal poverty guidelines the poverty rate in Hawaii is 8.3 percent of the population. Using the Supplemental Poverty Measure it is 17.3 percent.

<b>Household Size</b>	<b>100% Federal Poverty Guidelines Hawaii, Alaska</b>	<b>100% Federal Guidelines; 48 States</b>	<b>100% Supplemental Poverty Measure Hawaii</b>
<b>1</b>	\$13,230	\$11,504	14,611
<b>2</b>	17,850	\$15,522	19,713
<b>3</b>	22,470	\$19,539	24,815
<b>4</b>	27,090	\$23,557	29,917
<b>5</b>	31,710	\$27,574	35,019
<b>6</b>	36,330	\$31,591	40,121
<b>7</b>	40,950	\$35,609	45,223
<b>8</b>	45,570	\$39,626	50,325

Source: Bureau of Labor Statistics, Department of the Census and <http://aspe.hhs.gov/hsp/14/GeographicVariation/UrbanGeographicVariation.pdf>

The federal guidelines are used as the “means test” by which assistance to the poor is awarded and it is 15 percent higher for Hawaii and Alaska than it is for the remaining forty-eight states. The Supplemental Poverty Measure takes into account what people receive in assistance, whether it is Social Security or the Earned Income Tax Credit, taxes, and housing costs. It is 27 percent higher for Hawaii entirely because of housing costs. The SPM can be used to assess the impact

of many poverty measures by simply reducing the amounts paid by one or another program and assessing the outcome. It explains the gap we perceive between the lower poverty rate and the magnitude of our homelessness problem. It also explains the prevalence of multifamily, multigenerational dwelling arrangements that exist in Hawaii. Significant numbers of people simply don't earn enough to house and feed themselves.

In terms of the minimum wage at \$7.25 on a two thousand hour work year it provides \$14,500 dollars while the one person SPM measure is \$14,611. It is completely inadequate at this level. As the table below indicates significant numbers of minimum wage workers and those earning up to \$9.50 receive welfare. These are awarded based on the lower federal guidelines and indicate how serious poverty is among minimum wage and low wage workers.

<b>Table 2: Minimum Wage Workers and those earning up to \$9.50 who receive some form of means tested public assistance 2013</b>		
	<b>Earning \$7.00-\$7.25</b>	<b>Earning \$9.50 or less</b>
<b>Food Stamps</b>	13.0%	14%
<b>Someone in Family on Medicaid</b>	31.0%	27%
<b>School Lunch Program</b>	12.7%	37%
Source: U.S. Department of the Census; Current Population Survey March Supplement 2013, Micro Data Set, <a href="http://dataferrett.census.gov">http://dataferrett.census.gov</a> , data extracted by Lawrence W. Boyd Ph.D., Center for Labor Education and Research, University of Hawaii at West Oahu.		

The numbers of people on welfare for those earning \$9.50 or less are important not only in assessing a minimum wage rise but because the average "tipped employees" hourly earnings are \$9.17 an hour. This includes tips while the \$9.50 above does not, so this fully covers most tipped workers.

Until 1996 there was no provision for a "tip credit" in the federal minimum wage. Since then this has become an issue in Hawaii, which has a small tip credit. The "tip credit," at whatever level it is set at, hurts low-income workers by reducing their earnings and incomes. In the context of raising the minimum wage, while increasing the tip credit, it means many, would not get any benefit from the increase. It would depend on how large the tip credit was. But if the tip credit were increased so that the sub minimum wage stayed a \$7.00 then at least 50 percent of those who would have normally received some benefit from the increase would not receive any raise. The median hourly wage for waitresses is \$8.50; raising the minimum wage to \$8.50 with a twenty-five cents tip credit means 50 percent would not see an increase.

Minimum wage legislation is supposed to reduce poverty. Essentially the tip credit introduces a reverse means test into the minimum wage. In Hawaii you can earn \$7.25 unless you earn 50 cents or more per hour in tips. Then your hourly wage can be reduced to \$7.00. This is somewhat similar to poverty programs that place an income limit on participation. But the difference is this sets a cap on earnings rather than allowing earners to supplement their income. Some highly successful measures allow workers to earn up to a certain amount from working. The earned income tax credit (EITC), which all agree, is a program that works well, especially in conjunction with the minimum wage, has a \$40,000 per year income limit for a family of four. This means those who participate in the EITC get a tax refund that supplements their income up to \$40,000. Similarly Social Security, which has virtually eliminated poverty among the elderly, allows participants to earn up to \$12,000 annually to supplement their pensions. The tip credit actually works to reduce wages, and then incomes for participants. Philosophically and programmatically it is the opposite of what is normally done in poverty alleviating legislation.

#### The Minimum Wage and Its effects on Industry and Occupations

Table 3 below list broad industry and occupations for those earning the minimum wage, the sub minimum wage tip credit, and those who earned up to \$9.50 per hour. From this it is evident that there are some who are in the tip credit (below \$7.25) who earn tips. But there are others that don't; retail sales for example, education and health care. Food preparation and serving has the bulk of those occupations earning the sub minimum. Usually cooks aren't tipped.

The proportion of minimum wage workers is very small around 2 percent of the employed labor force, less than 1 percent for sub-minimum wage, workers. At this level the minimum wage simply plays no role in the labor market. Raising it to \$9.50 would benefit a significant number of workers but again the magnitudes involve would have no discernable effect. The initial rise merely returns it to the inflation, adjusted level it was in 2007. And there is no reason to believe in that case that it would have any effect at all. The proportion for industries and occupations indicates that they are concentrated in restaurants and retail sales. It should be noted that not all workers normally receive tips in restaurant.

The concentration in these industries masks the magnitudes involved. Most workers and most tipped workers earn more than the minimum wage. Substantial numbers earn hourly rates even above the proposed level of increases. Table 4 below contains data on two commonly "tipped" occupations; waitresses/waiters and counter attendants. There are ten times more counter attendants earning more than the tip credit than those earning it; similarly eight times more waiters/waitresses earn more than the tip credit. These numbers indicate that the vast majority of employers do not take advantage of the tip credit. Furthermore there are problems with those that do.

<b>Minimum Wage</b>	<b>\$7.25 and Below</b>	<b>Exactly \$7.25</b>	<b>Below \$7.25</b>	<b>Below \$9.50</b>
<b>Ratio to Employed Labor Force</b>	2.4%	1.6%	0.8%	11.0%
<b>Total</b>	14,819	9,644	5,175	68,212
<b>Industry</b>				
<b>Accommodation and Food Service</b>	56.2%	52.0%	65.0%	40%
<b>Retail Trade</b>	20.0%	15.0%	26.0%	28%
<b>Management, Administrative and Waste Management</b>	6.9%	12.0%		
<b>Educational Services and Health Care</b>	9.6%	12.0%		16%
<b>Occupation</b>				
<b>Food Preparation and Serving</b>	47.1%	40.0%	60.0%	34%
<b>Sales</b>	26.2%	25.0%	26.0%	21%
<b>Transport and Materials Moving</b>	6.0%	4.0%	11.0%	9%

Source: U.S. Department of the Census; Current Population Survey Basic Micro Data Set, 2013 all months. <http://dataferrett.census.gov>, data extracted by Lawrence W. Boyd Ph.D., Center for Labor Education and Research, University of Hawaii at West Oahu.

	<b>Earn tip credit \$7.00-\$7.24</b>	<b>Earn more: Greater than \$7.25</b>	<b>Ratio, Greater than: tipped</b>
<b>Counter attendants, cafeteria, food concession, and coffee shop</b>	230	2,376	10
<b>Waiters and Waitresses</b>	1,476	12,193	8
<b>Total</b>	1,706	14,569	9

Table 5 below indicates what could potentially happen were the tip credit increased.. Although the numbers of those in the tip credit subminimum wage are incredibly small, they can tell us something about what happens with the subminimum wage.

<b>Table 5: Subminimum wage workers in the tipped category; by occupation; and response</b>			
<b>CPS: Do you normally earn tips, commissions, or overtime on your job?</b>			
<b>Average Weekly Wage</b>	<b>\$302</b>		
		<b>Yes</b>	<b>No</b>
<b>Total</b>	5,248	51.9%	48.1%
<b>Cooks</b>	602	74.1%	25.9%
<b>Food preparation workers</b>	231	100%	0%
<b>Bartenders</b>	338	100%	0
<b>Counter attendants, cafeteria, food concession, and coffee shop</b>	230	100%	0
<b>Waiters and waitresses</b>	1,476	88.3%	11.7%
<b>Janitors and building cleaners</b>	192	100%	0
<b>Cashiers</b>	571	0	100%
<b>Retail salespersons</b>	825	0	100%
<b>Parking lot attendants</b>	266	0	100%
<b>Cleaners of vehicles and equipment</b>	246	0	100%

Source: U.S. Department of the Census; Current Population Survey Basic Micro Data Set, 2013 all months. <http://dataferrett.census.gov>, data extracted by Lawrence W. Boyd Ph.D., Center for Labor Education and Research, University of Hawaii at West Oahu.

There are several things to note in this table. First the occupations commonly associated with tipped employees; waitresses/waiters and counter attendants make up a minority of those in the tipped category. There are occupations, like cooks and dishwashers, who are not normally thought of as tipped report receiving tips. And 48 percent answer No, the question asked “Do you normally earn tips, commissions or overtime on your job?”

The issue regarding cooks and others who receive tips is part of the consequences of the addition of the tip credit to the minimum wage. The Fair Labor Standards Act allowed, “pooling” of tips between employees including cooks etc. Thus the incomes of both waitresses and cooks were reduced. The former because her tips were split among employees and cooks because they became tipped employees and their wage lowered. It is possible that those who report not regularly receiving tips are lying because of tax avoidance. On the other hand, over several years the percent answering, no to this question has been in the forty percent range. Furthermore, the occupations listed, like cashiers, are not an occupation we normally tip.

The average weekly wage is quite low in this category. This indicates that they earn around \$15,000 a year and only about \$400 dollars above the SPM measure for one person. This also indicates that on a full time, forty hour week, they are getting about twenty dollars in tips; or fifty cents an hour. And the low wage is also consistent with the number cited above for those receiving public assistance.

These numbers speak to the issue of the tip credit. They suggest that it leads to actual reductions in the pay of low wage, workers and is at odds with goals of the minimum wage. That it actually somewhat increases poverty among low wage workers rather than reduces it. It is confusing and difficult to enforce, because it sets two rates, leading to confusion about who should get a subminimum wage. The data suggests it should be eliminated.

### Summary

In conclusion the following is suggested by the data and analysis above:

- The minimum wage should be raised to \$10.10. And it should be indexed. Primarily because this will reduce the incidence of poverty among low wage workers and also reduce their dependence on public assistance.
- The effects on employment and firms will be non-existent. One reason being because the minimum wage and its rise is so low, covers so few people, and basically restores the minimum wage to levels it achieved several years past due to inflation. Secondarily the common mechanism by which firms react to a minimum wage increases is a price rise. If all minimum wage increases were passed through as price rises then restaurants, whose labor costs are 30 percent of total costs, would raise prices by 3 percent for every 10 percent rise in the minimum wage. Statistical evidence indicates this is less.
- The tip credit should be eliminated because it serves no useful purpose as far as the goals of the minimum wage and actually works at odds to the reasons for a minimum wage hike. It reduces incomes and increases poverty. That participation by employers in it is so low that no harm would come from its elimination.



January 22, 2014

COMMITTEE ON JUDICIARY AND LABOR

Senator Clayton Hee, Chair

Senator Maile S.L. Shimabukuro, Vice Chair

Senator Mike Gabbard

Senator Brickwood Galuteria

Senator Malama Solomon

Senator Sam Slom

Senator Les Ihara, Jr.

NOTICE OF HEARING

DATE: Thursday, January 20, 2014

TIME: 9:30a.m.

PLACE: Conference Room 016

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](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [JDLTestimony](#)  
**Cc:** [paikoman@yahoo.com](mailto:paikoman@yahoo.com)  
**Subject:** Submitted testimony for SB2609 on Jan 30, 2014 09:30AM  
**Date:** Thursday, January 30, 2014 4:55:05 AM

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**SB2609**

Submitted on: 1/30/2014

Testimony for JDL on Jan 30, 2014 09:30AM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lisa Hallett	Individual	Support	No

Comments: Aloha, I support this bill. My goodness, we have to do something toward giving people a living wage. This is not much but it is something. If we want people off the street, crime to lessen, folks off programs and aid, then we need to raise the minimum wage. Hawaii is so behind - let's do this! Mahalo for taking our testimony.  
Lisa Hallett Todd Andrews Jessica Andrews

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**To:** [JDLTestimony](#)  
**Cc:** [mgolojuch@hotmail.com](mailto:mgolojuch@hotmail.com)  
**Subject:** \*Submitted testimony for SB2609 on Jan 30, 2014 09:30AM\*  
**Date:** Wednesday, January 29, 2014 9:25:23 PM

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**SB2609**

Submitted on: 1/29/2014

Testimony for JDL on Jan 30, 2014 09:30AM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Michael Golojuch Jr	GLBT Caucus of the Democratic Party of Hawaii	Support	Yes

Comments:

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**To:** [JDL Testimony](#)  
**Cc:** [honoluluprideparade@gmail.com](mailto:honoluluprideparade@gmail.com)  
**Subject:** \*Submitted testimony for SB2609 on Jan 30, 2014 09:30AM\*  
**Date:** Wednesday, January 29, 2014 9:23:41 PM

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**SB2609**

Submitted on: 1/29/2014

Testimony for JDL on Jan 30, 2014 09:30AM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Rob Hatch	Honolulu Pride	Support	Yes

Comments:

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**From:** [Elayne Schwartz](#)  
**To:** [JDLTestimony](#)  
**Subject:** SB 2609  
**Date:** Wednesday, January 29, 2014 5:28:54 PM

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I support SB 2609 to increase the minimum wage to at least \$10.00/hr and to eliminating the tip credit. A living wage is the stepping stone to living the "American Dream". Increasing the minimum wage to \$10.00/hr or more gives workers a hand up in supporting themselves and their families. It will also positively contribute and impact the economy of our beautiful state.

Elayne Schwartz  
Treasurer  
HNA/OPEIU Local 50  
808-531-1628/808-599-0024

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**Cc:** [stab625@yahoo.com](mailto:stab625@yahoo.com)  
**Subject:** Submitted testimony for SB2609 on Jan 30, 2014 09:30AM  
**Date:** Wednesday, January 29, 2014 7:43:57 PM

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**SB2609**

Submitted on: 1/29/2014

Testimony for JDL on Jan 30, 2014 09:30AM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Arnold	Ironworkers Stabilization Fund	Support	No

Comments: We urge the committee to support and pass this bill. It will assist the working men and women of Hawaii.

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**Cc:** [jrivers@clearwire.net](mailto:jrivers@clearwire.net)  
**Subject:** Submitted testimony for SB2609 on Jan 30, 2014 09:30AM  
**Date:** Wednesday, January 29, 2014 8:46:07 PM

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**SB2609**

Submitted on: 1/29/2014

Testimony for JDL on Jan 30, 2014 09:30AM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Julie rivers	Individual	Support	No

Comments: Hawaii is the most expensive state in the union to live. As a result, we have thousands of homeless, sometimes working homeless, on our streets. We need to provide a modest increase to help folks begin to keep up with inflation. We need a modest increase to help transition folks off welfare. Its the right thing to do and we can't wait for congress to dictate it. Take the lead Hawaii!

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