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STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
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February 14, 2017

To: The Honorable Gilbert S.C. Keith-Agaran, Chair,
The Honorable Karl Rhoads, Vice Chair, and
Members of the Senate Committee on Judiciary and Labor

Date: Tuesday, February 14, 2017
Time: 9:00 a.m.
Place: Conference Room 016, State Capitol

From: Linda Chu Takayama, Director
Department of Labor and Industrial Relations (DLIR)

Re: S.B. No. 107 Relating to Minimum Wage

I. OVERVIEW OF PROPOSED LEGISLATION

This proposal amends section 387-2, Hawaii Revised Statutes (HRS), by increasing the minimum wage from \$10.10 to \$12.25 beginning January 1, 2018, and \$15.00 beginning January 1, 2019 and repeals the tip credit. The measure also authorizes DLIR to annually adjust the minimum wage according to the Consumer Price Index (CPI) beginning September 30, 2019, to the nearest nickel, effective on January 1, 2020.

II. CURRENT LAW

The minimum wage is \$9.25, effective January 1, 2017, and \$10.10 beginning January 1, 2018. Employers are allowed to claim a tip credit of up to 75 cents an hour for tipped employees, i.e., pay them below the minimum wage at \$8.50 an hour, provided the tipped employee actually receives at least \$16.25 in wages plus tips, or \$7.00 above the 2017 minimum wage.

III. COMMENTS ON THE SENATE BILL

Act 82 (SLH, 2014) increased the minimum wage four times beginning in 2015 through 2019 and modified the tip credit provision from 25 cents to 75 cents.

DLIR notes that the CPI calculation language is vague and recommends adding that the minimum wage is calculated by multiplying the prior minimum wage rate by the Honolulu region CPI-W percentage change.

The following jurisdictions index their minimum wage to inflation so that the real value of the minimum wage does not fall every year:

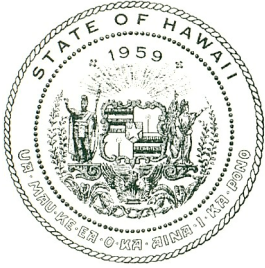
Alaska
Arizona
Colorado
Connecticut
District of Columbia
Florida
Missouri
Montana
Nevada
New Jersey
Ohio
Oregon
South Dakota
Vermont¹
Washington

The U.S. Department of Labor's Wage and Hour Division maintains a website with state level information at: <https://www.dol.gov/whd/minwage/america.htm#content>

DLIR notes that the CPI calculation in the measure as drafted is vague. This could be clarified by multiplying the prior minimum wage rate by the Honolulu region CPI-W percentage change. The Department also notes that the measure could result in a minimum wage lower than the federal one as well as a reduction in the minimum wage if the CPI goes down.

¹ In 2019 and beyond the minimum wage will be tied to the rate of inflation.

HAWAII
STATE
COMMISSION
ON THE
STATUS
OF
WOMEN



Chair
LESLIE WILKINS

COMMISSIONERS:

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February 14, 2017

To: Senator Gilbert S.C. Keith-Agaran, Chair
Senator Karl Rhoads, 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 SB 107, 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 strong support of SB 107, which would increase the minimum wage to \$15.00 by the year 2019, repeal the tip credit, and tie future increases according to the Honolulu Consumer Price Index.

Raising the minimum wage has been identified as one of the most important ways we can collectively close the gender wage gap.¹ Most female minimum wage earners are the sole breadwinner for their families, which means more women live below the poverty level and are more likely to utilize state and federal benefits.² In Hawaii, 57% of minimum wage earners are women. Additionally, over 25% of children in Hawaii would have at least one affected parent from an increase in the minimum wage.

Restaurant servers, the largest group of tipped workers, experience poverty at nearly three times the rate of the workforce as a whole. 70% of these workers are women.³ Increasing wages to our lowest paid workers directly leads to lower turnover and encourages employers to invest in their workers.⁴ Raising the minimum wage has the ability to promote our economic recovery and lift our families out of poverty and towards financial security.

The Commission strongly supports SB 107. Thank you for this opportunity to testify.

¹ 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.

² *Id.*

³ Bureau of Statistics from U.S. Census Bureau, 2006-2012 American Community Survey, calculated by Restaurant Opportunities Centers United.

⁴ T. William Lester, David Madland & Nick Bunker, Ctr. For American Progress, *An Increased Minimum Wage is Good Policy Even During Hard Times* (June 2011).

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: *Submitted testimony for SB107 on Feb 14, 2017 09:00AM*
Date: Saturday, February 11, 2017 4:39:39 PM

SB107

Submitted on: 2/11/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Betty Sestak	AAUW Windward	Support	No

Comments:

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

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From: [Neil Ishida](#)
To: [JDL Testimony](#)
Subject: SB 107 -testimony
Date: Friday, February 10, 2017 3:12:40 PM

To:
COMMITTEE ON JUDICIARY AND LABOR
Senator Gilbert S.C. Keith-Agaran, Chair
Senator Karl Rhoads, Vice Chair
Date: Tuesday, February 14, 2017
Time: 9:00 AM
Place: Conference Room 106

From: ABC Stores
Neil Ishida, Director of Public Relations

Position: OPPOSE

The minimum wage is not a living wage, it is a training wage. Without a training wage it would be impossible for businesses to employ unskilled and untrained local youth and groom them for a career in Hawaii's number one industry, tourism.

This bill will make it more difficult for employers to train and hire individual with no work experience. If the minimum wage is \$15, employers will be forced to mechanize low skill jobs and only hire skilled employees. Without on the job training, many individuals will be deprived of career opportunities and bettering themselves to become well compensated individuals.

Driving up labor cost for business will make it very difficult for businesses to grow, especially Hawaii's small businesses and retailers.

Mahalo,
Neil Y. Ishida
Director of Public Relations
ABC Stores
766 Pohukaina Street
Honolulu, Hawaii 96813
Phone: (808) 591-2550 x317
Direct: (808) 597-3317
Fax: (808) 593-2594

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February 11, 2017

To: Hawai'i State Senate Committee on Judiciary and Labor, and the
Senate Committee on Ways and Means
Hearing Date/Time: Tuesday, February 14, 2017 (9:00 a.m.)
Place: Hawaii State Capitol, Rm. 016
Re: Testimony of American Association of University Women –
Hawaii in **support of S.B. 107**, relating to minimum wage

Dear Senator Gilbert S.C. Keith-Agaran (Chair), Senator Jill N. Tokuda (Chair), Senator Karl Rhoads (Vice Chair), Senator Donovan M. Dela Cruz (Vice Chair), and Members of the Committees,

I am grateful for this opportunity to testify in **strong support of S.B. 107** relating to minimum wage.

My testimony is on behalf of the approximately 400 members of the American Association of University Women (AAUW) in Hawai'i, who list equal pay for women as an important current concern. Minimum wage is a gender issue, since the majority of minimum-wage workers are women, many of them parents, struggling to house and support themselves and their children. As we all know, housing costs in Hawai'i consume an excessive amount of a weekly pay packet, and this is most problematic for those receiving the least pay in the state (see "Living Wage Calculator" by Dr. Amy K. Glasmeier, Urban Planning, MIT). Many low-income families struggle to put healthy food on the table, once accommodation costs are met.

The Shorenstein Center on Media, Politics, and Public Policy, at Harvard University has published an online article, the "Minimum Wage: Updated research roundup on the effects of increasing pay," with favorable implications for SB 107. In that article, the final summation of the book by Belman and Wolfson (2014) *What Does the Minimum Wage Do?* is provided. It states, "evidence leads us to conclude that moderate increases in the minimum wage are a useful means of raising wages in the lower part of the wage distribution that has little or no effect on employment and hours. This is what one seeks in a policy tool, solid benefits with small costs. That said, current research does not speak to whether the same results would hold for large increases in the minimum wage."

In conclusion, passage of S.B. 107 is an important bill to pass, given the potential to decrease the wage pressure for the most poorly paid residents of Hawai'i.

Thank you for the opportunity to testify.

Sincerely

Susan J. Wurtzburg

Ph.D., Policy Chair



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MAILING ADDRESS

P.O. Box 23404
Honolulu, Hawai'i 96823
www.adaaction.org

February 11 , 2017

TO: Honorable Chair Keith-Agaran and Members of the Judiciary Committee

RE: SB 107 Relating to Minimum Wage
Support for hearing on Feb. 14

Americans for Democratic Action is an organization founded in the 1950s by leading supporters of the New Deal and led by Patsy Mink in the 1970s. We are devoted to the promotion of progressive public policies.

We support SB 107 as it would increase the minimum wage to \$15 per hour in 2019. Seattle has already done this and found little effect on overall employment or inflation. This has pulled a lot of people out of poverty and off of public assistance in Seattle.

Since the cost of living is higher in Hawaii than Seattle, we need a bill to increase the minimum wage now. Passing this bill will help the working people in many industries in Hawaii as well as take more people off the public assistance rolls as it has in Seattle.

Thank you for your consideration.

Sincerely,

John Bickel
President



**Testimony to the Senate Committee on Judiciary and Labor
Tuesday, February 14, 2017 at 9:00 A.M.
Conference Room 016, State Capitol**

RE: SENATE BILL 107 RELATING TO MINIMUM WAGE

Chair Keith-Agaran, Vice Chair Rhoads, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **opposes** SB 107, which raises the minimum wage from the present \$9.25 per hour to:

- \$12.25 per hour on January 1, 2018;
- \$15.00 per hour on January 1, 2019; and

removes the tip credit completely. We also oppose the implementation of an automatic increase in the minimum wage based on the consumer price index.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

This bill will **increase the minimum wage by \$4.90 per hour in just two years**. This is a huge increase for business, at a time when other costs such as healthcare and other mandates are on the rise. **Should this bill pass, it will seriously harm local businesses, the state economy, job creation and potentially the very employees it is trying to help.**

Hawaii is Different: Prepaid Healthcare Law Mandates Employers to Pay for Insurance Premium Costs

While the Chamber understands that other states have recently considered increases in their minimum wage, it is essential to keep in mind that **Hawaii is the only state in the nation** that requires employers to provide health insurance to its employees, including part-time employees (20 or more hours per week). No other employers in the country have this additional responsibility. In addition, workers' compensation premiums, Social Security tax, Medicare tax, temporary disability insurance, and unemployment insurance tax are all based on wages. Increasing the minimum wage requires additional increases for all the foregoing benefits. This bill will not only increase direct labor costs to business, but will also **increase mandated benefit costs and taxes**.



Chamber of Commerce HAWAII

The Voice of Business

The average annual health insurance premium for a single employee in Hawaii is about \$7,500. Under state law, this benefit is paid for almost entirely by the employer. If you add just the cost of health insurance to the **present minimum wage (2018)** for a full-time employee, the total benefit received by the employee is **\$13.55 per hour**, one of the highest in the country. Adding on payroll taxes, the present minimum wage benefit to the employee is about **\$14.66 per hour**. For part-time workers who receive healthcare benefits, the benefit to the employee is anywhere from **\$15.87-\$18.27 per hour**. Below is a chart showing the present minimum wage, health insurance premium costs and the proposed increases from SB 107.

Under the proposed minimum wage increases, in 2018, the total benefit to be provided to the employee (including payroll taxes and healthcare premiums) will be **\$17.25-\$21.08 per hour** and in 2019, it will increase to **\$20.53-\$24.58 per hour**.

Please also note that health insurance premiums increase roughly 5-9% each year. With premiums rising each year, and employers paying on average 90% of the cost of premiums, this represents an **existing 2.5% to 3% increase in compensation to the employee each year**.

Lastly, the amounts listed above are for the single coverages. The family coverage premium which is a 50/50 split between employer and employee is over **\$16,000 per year**.

Job Growth Data Unclear

According to national data, prior increases in the minimum wage have led to the loss of jobs in certain economic sectors. Below is data that reflects this concern of the business community. These are “snap shots” of some of the low-wage occupations that proponents of the increase in the minimum wage hope to help. After the 2006/2007 increase in the minimum wage, while there was 3% growth for all sectors overall, **low wage earners in the food industry lost jobs**.

Following the 2014/2015 increase in the minimum wage, Hawaii also experienced job losses, mainly for low-income workers. At this time, data is only available for the first increase (50 cents per hour).

The Minimum Wage is a Base Floor Wage

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

We also oppose the removal of the tip credit. The tip credit helps provide better compensation to non-tipped employees. Removal of the tip credit is likely to hurt food and beverage workers, who among the types of employees this bill attempts to help.



Large Increases Would Negatively Impact Business

While only a small percentage of workers earn the minimum wage, a large increase would greatly impact many businesses as they will be forced to raise the wages of their other employees. As an example, if John started working with a company a year ago and earns \$9.50 per hour and then Lisa is hired after the new law at \$9.25 per hour, the employer will have to raise John's hourly wage to provide parity in compensation. This could increase businesses labor costs by up to 15-20% in the first year alone.

Important Considerations

As a direct result of the significant proposed increase in the minimum wage, some businesses may have to cut back hours, reduce benefits, or limit the hiring of new employees. In Hawaii between December 2015 and November 2016, the average hours worked per week dropped from 33 to 32.1. While that may seem small, this reduction effectively lowered a person's work hours by 46.8 hours in a year. At \$9 per hour that reduced their total annual income by over \$420.

Increasing the minimum wage will also greatly affect job opportunities, especially for new, unskilled workers. In addition to traditional adult workers changing industries, young adult workers also often receive their initial work experience by starting at unskilled jobs.

When Seattle instituted a \$15 per hour minimum wage, their economy had interesting and similar results. A study conducted by the University of Washington concluded that the increase in the minimum wage reduced the number of hours worked each week, affected employment by about 1.2 percentage points and had a minimal impact on workers' average total earnings. Overall, Seattle's experiment with the minimum wage may have magnified both the positive and negative impacts, resulting in little to no net benefit. Workers who did not lose hours may have enjoyed gains in income, while those who lost hours had a hard time finding a second job to make up for their lost hours and may have earned much less. Notably, neither Seattle nor Washington State have a prepaid healthcare mandate on all businesses that **adds to the minimum wage anywhere from \$3.45-\$7.06 per hour per employee.**

If the minimum wage increases too rapidly, the market (as driven by consumers) will decide at the point of sale what they are willing to pay for. Hawaii is already ahead of the national average in hourly wages. In 2015, the national median wage was **\$17.40 per hour**, and in **Hawaii workers earned \$18.63 per hour**. The Chamber respectfully submits that the quality of life of residents in Hawaii is largely a cost issue, driven in large part by the cost of housing.

While our economy is presently on strong footing, we note that the minimum wage has never been decreased when the economy enters a recession. The Council on Revenues also recently lowered the State's forecasted revenue growth because of a projected slowdown.

For all the above reasons, we respectfully ask that this bill be held. Thank you for the opportunity to express our views and concerns.

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for SB107 on Feb 14, 2017 09:00AM
Date: Friday, February 10, 2017 4:45:24 PM

SB107

Submitted on: 2/10/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Carol Ai	City Mill Co., Ltd.	Oppose	No

Comments: Dear Senator Keith-Agaran and Senator Karl Rhoads, City Mill Strongly Oppose Bill SB 107 My name is Carol Ai May and I am vice president and part owner of City Mill Company, Ltd, a 117 year old family business. I represent the 3rd generation of this company, with approximately 400 employees. Our hourly pay is higher than minimum wage and we strive to stay that way and are working to hard to stay ahead of the \$10.10 requirement next year. This bill would put us in a very poor position, since we have been gearing up for the \$10.10 minimum wage for several years now. As you know, payroll and benefits for a retail company is the highest expense. Business is VERY DIFFICULT with the competition of big boxes and on-line retailing, nipping away at our business. We basically hire non-skilled labor and train them with product knowledge skills and customer service skills. We have been a training ground for many businesses in Hawaii's history. We are a "Best Place to Work" for 10 years now. Our expenses continue to rise with shipping and cost of goods for products we sell. Increasing the minimum wage to \$12.25 would significantly harm our business and we strongly oppose this bill. Respectfully yours, Carol Ai May

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

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COMMUNITY ALLIANCE ON PRISONS

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COMMITTEE ON JUDICIARY AND LABOR

Sen. Gil Keith-Agaran, Chair

Sen. Karl Rhoads, Vice Chair

Tuesday, February 14, 2017

9:00 am

Room 016

SB 107 STRONG SUPPORT - MINIMUM WAGE

Aloha Chair Keith-Agaran, Vice Chair Rhoads and Members of the Committee!

My name is Kat Brady and I am the Coordinator of Community Alliance on Prisons, a community initiative promoting smart justice policies in Hawai'i for two decades. This testimony is respectfully offered on behalf of the approximately 6,000 Hawai'i individuals living behind bars or under the "care and custody" of the Department of Public Safety on any given day. We are always mindful that approximately 1,700 of Hawai'i's imprisoned people are serving their sentences abroad thousands of miles away from their loved ones, their homes and, for the disproportionate number of incarcerated Native Hawaiians, far from their ancestral lands.

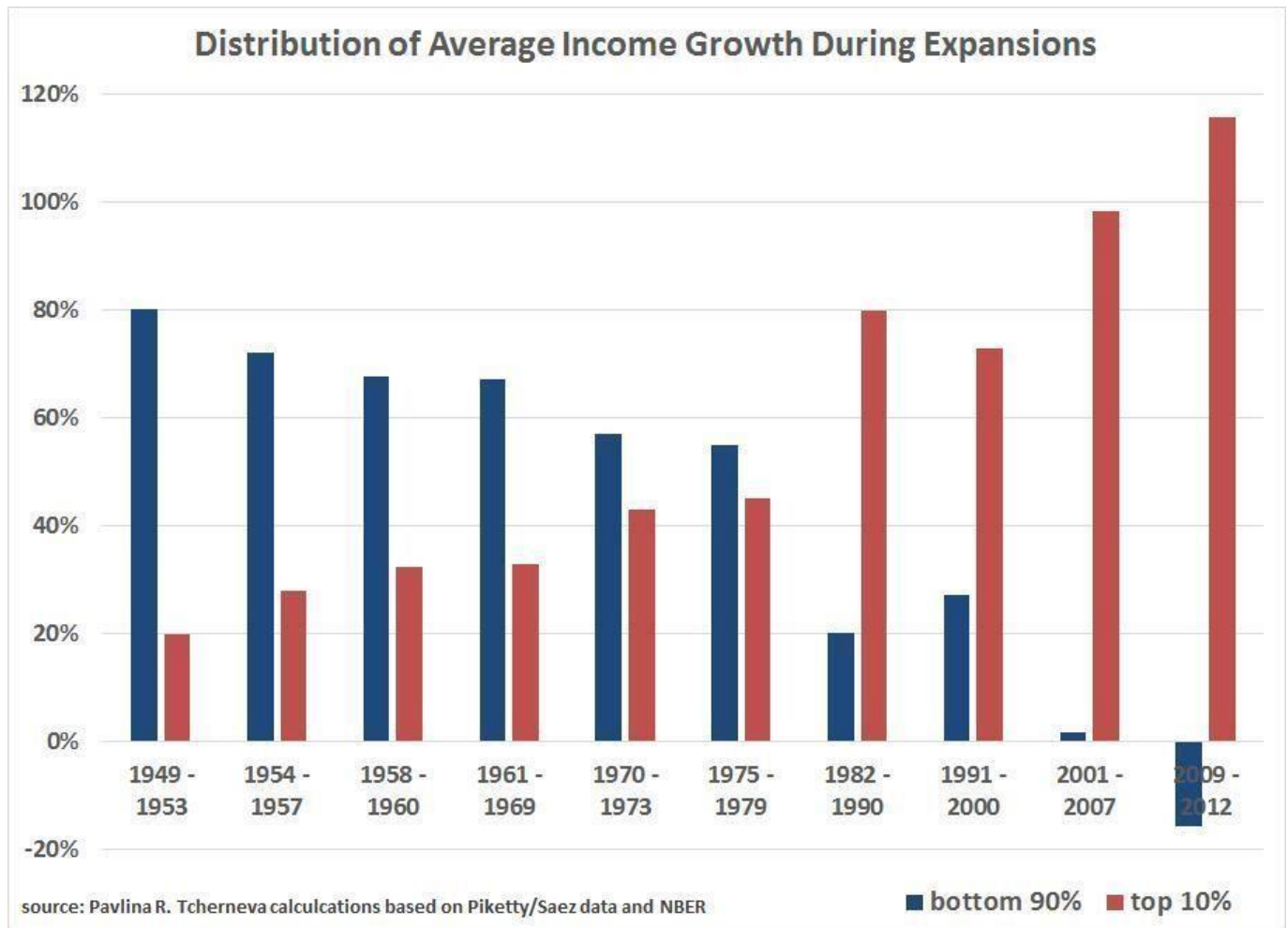
SB 107 Increases the minimum wage to \$12.25 per hour in 2018 and \$15 per hour in 2019, repeals language allowing the hourly wage of a tipped employee to be increased on account of tips, and requires the department of labor and industrial relations to annually calculate the adjusted minimum wage rate to the nearest five cents using the Honolulu region CPI-W.

Community Alliance on Prisons is in strong support of this measure.

Hawai'i has the lowest wages in the nation after adjusting for our cost of living, which is the highest in the nation. As a result, many of our families are on the brink of poverty and homelessness. Unlike 17 other states, Hawai'i's minimum wage has never been set to automatically keep up with the cost of living, resulting in the value of our minimum wage dropping sharply, due to inflation.

Other states have increased their minimum wages to help ensure that workers can afford to house and feed their families—for example, New York and California have both adopted plans to increase their minimum wage to \$15. In Hawai'i, we should increase the minimum wage by about \$1 per year and tie it to the Honolulu region consumer price index. This would cost the state nothing, while providing dollars to the workers who are mostly like to spend them in the local economy.

The inequality gap is widening as illustrated in this stunning chart (see below) from Bard College and Levy Institute economist Pavlina Tcherneva, which is based upon statistics from French economist Thomas Piketty's bestseller, "Capital In The 21st Century".¹



Economist Matt Yglesias posits that for a long time, most of the gains from economic growth went to the bottom 90 percent of the income distribution. And the bottom 90 percent includes the vast majority of people. Since 1980, that hasn't been the case. And for the first several years of the current expansion, the bottom 90 percent saw inflation-adjusted incomes continue to fall.

Poverty and homelessness cost the state and our weary taxpayers dearly, both economically and socially. Community Alliance on Prisons respectfully asks the committee to please **have a heart** and pass this bill. Show your aloha for the people in Hawai'i struggling to feed their families and make ends meet.

Mahalo for this opportunity to testify.

¹ The most important chart about the American economy you'll see this year, Updated by Matthew Yglesias, Sept. 25, 2014. <http://www.vox.com/xpress/2014/9/25/6843509/income-distribution-recoveries-pavlina-tcherneva>



TIM VANDEVEER
Chair

MARGARET WILLE
SEAN SMITH
Legislation Committee Co-Chairs

February 13, 2017

Senator Gilbert S.C. Keith-Agaran, Chair
Senator Karl Rhoads, Vice Chair
Senate Committee on Judiciary and Labor
February 14, 2017 9:00 a.m. State Capitol Conference Room 016

SB 107 Relating to Labor

Submitted On Behalf of the Democratic Party of Hawai'i

The Democratic Party of Hawai'i supports SB 107 Relating to Minimum Wage. This bill increases minimum wage to \$15 an hour by 2019 and then indexes minimum wage to the Honolulu region consumer price index for urban wage earners and clerical workers (CPI-W).

Increasing minimum wage to \$15 an hour and, thereafter, indexing minimum wage to CPI is one of the Democratic Party of Hawai'i's legislative priorities for the 2017 legislative session. We request that you pass this bill out of committee.

Mahalo for the opportunity to testify on this bill.

Respectfully submitted,

Tim Vandever
Chair of the Democratic Party of Hawai'i

/s/ Margaret Wille
/s/ Sean Smith
Legislative Committee Co-chairs



February 14, 2017

9:00 AM

Conference Room 016

To: Senate Committee on Judiciary & Labor

Sen. Gilbert S.C. Keith-Agaran, Chair

Sen. Karl Rhoads, Vice Chair

From: Grassroot Institute of Hawaii

President Keli'i Akina, Ph.D.

RE: SB107 – RELATING TO MINIMUM WAGE

Comments Only

Dear Chair and Committee Members:

The Grassroot Institute of Hawaii would like to offer its comments on SB107, which would increase the minimum wage to \$15/hour by 2019 and remove the “tip credit” for employees whose wage includes tips.

Grassroot Institute is deeply concerned about the possible effect of this legislation on the state’s small businesses and economy—especially in the case of restaurants, which are already notorious for their razor-thin profit margins. Moreover, we believe that this bill will fail in its intent to help lift the state’s working families out of poverty. As our previous research on the issue found, increasing minimum wage benefits only a small proportion of low-income working families while raising the cost of low-skilled labor by a significant degree. In addition, an increase in the minimum wage will reduce teenage employment—an item that is often overlooked, but should be taken seriously by those looking to ensure the long term health of our economy.

Under the current proposal, the minimum wage is increased from \$9.25 to \$15.00 in a two year period. This means that the annual full-time costs for low-skilled labor (40 hour workweek) will increase by \$11,960, which represents a 62% increase. For companies that primarily employ low-wage workers, this is a significant increase in labor costs—one they may choose to absorb by hiring fewer workers and raising prices. It is hard to imagine how further raising the cost of living and creating higher unemployment benefits the state economy.

The removal of the tip credit is an additional source of concern. The lack of a tip credit places a substantial burden on restaurants, which will be forced to privilege wait staff (who already average, with

tips, salaries well above minimum wage) over back-of-the-house and non-tipped staff. In effect, this bill makes it more difficult to raise the dishwasher's pay because the restaurant owner is required to spend even more on the sommelier.

Grassroot Institute of Hawaii looks for solutions that would strengthen our state's economy and benefit both businesses and employees. You have heard from multiple representatives of Hawaii's business community that this bill will not only be a burden, but that it will also have a negative effect on employment in general. Not only will companies in Hawaii be forced to lay off workers or cut hours or benefits in order to afford increased wages, but they are also likely to slow (or even eliminate) new hiring.

If we want to establish our state as a desirable place to do business, we cannot continue to treat company earnings as an endless well for the state to draw from on demand. A combination of tax relief and a reduction in the obstacles that the state places on business and entrepreneurship in Hawaii is the best way to move forward in improving both our economy and the situation of low-wage workers ... not a minimum wage bill that will do little to help working families, while placing a significant burden on small business.

Thank you for the opportunity to submit our testimony.

Sincerely,
Joe Kent
Vice President of Research
Grassroot Institute of Hawaii



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

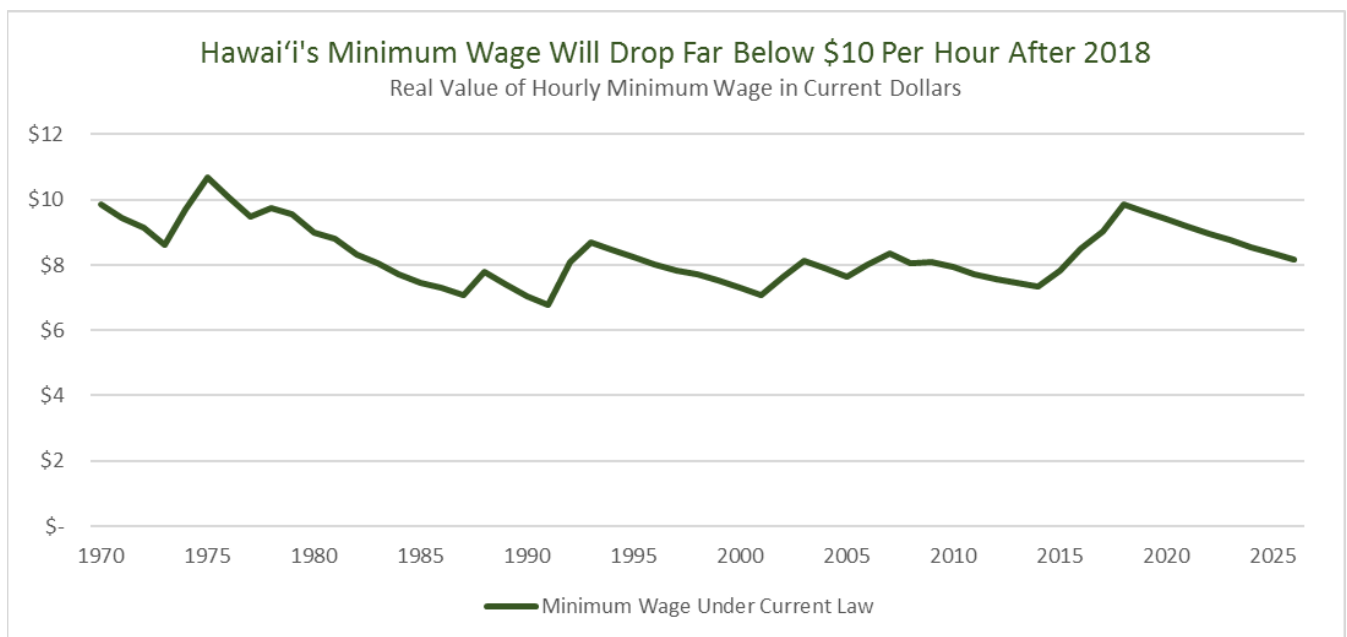
Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting SB 107 Relating to Minimum Wage
Senate Committee on Judiciary and Labor
Scheduled for hearing Tuesday, February 14, 2017, 9:00 AM, Conference Room 016

Dear Chair Keith-Agaran, Vice Chair Rhoads, and members of the Committee on Judiciary and Labor:

Thank you for the opportunity to testify in SUPPORT of **SB 107**, which would raise the minimum wage to \$15 by 2019, repeal the tip credit that subjects tipped workers to a minimum wage lower than that for other workers, and pegs the minimum wage to inflation in order to avoid future erosion of its value.

Hawai'i has the lowest wages in the nation after adjusting for our cost of living, which is the highest in the nation. As a result, many of our state's families are teetering at the edge of poverty and homelessness.

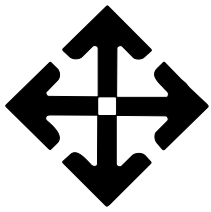
While Hawai'i passed a law to increase the minimum wage in 2014, it tops out at \$10.10 in 2018, when it will be worth only about \$8.83 in today's dollars. At \$10.10, earners who work 40 hours per week will still be living in poverty, and it will be the lowest minimum wage in the nation after factoring in our high cost of living.



One of the main drivers of our high cost of living is housing. Currently, a worker in Hawai‘i needs to earn more than \$34 per hour (over \$65,000 per year) to afford a two-bedroom apartment. Even if a minimum wage worker were somehow able to devote 100% of their earnings toward housing (i.e., not spending any money on food, utilities, etc.), they *still* wouldn’t be able to afford a market-rate apartment. With our tourist-oriented service economy, a large portion of our low-wage workforce are in the tipped-worker category, which means that their employers can pay them a wage lower than the minimum. This sets up a two-tiered system, with women workers especially stuck in the lower tier. While, for example, waitstaff at a high-end restaurant can make enough in tips to more than cover this discrepancy, those at lower-prices establishments, like a Zippy’s, aren’t able to earn a whole lot from tips.

And unlike in 17 other states, Hawai‘i’s minimum wage has never been set to automatically keep up with the cost of living. As a result, the value of our state’s minimum wage has often dropped sharply due to inflation.

Other states have increased their minimum wages to help ensure that workers can afford to house and feed their families—for example, New York and California have both adopted plans to increase their minimum wage to \$15. In Hawai‘i, we should increase the minimum wage, in reasonable steps, to reach \$15. It should then be pegged to inflation. This would cost the state nothing, while providing dollars to the workers who are mostly like to spend them in the local economy.



The Hawaii Business League

1188 Bishop St., Ste. 1003, Honolulu, Hawaii 96813

Phone: (808) 533-6819 Facsimile: (808) 533-2739

February 14, 2017

Testimony To: Senate Committee on Judiciary and Labor
Senator Gilbert S.C. Keith-Agaran, Chair

Presented By: Tim Lyons
President

Subject: S.B. 107 - RELATING TO MINIMUM WAGE.

Chair Keith-Agaran and Members of the Committee:

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

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

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

\$1.00 paycheck the employer sees \$1.45(e) in costs; the employee perhaps only gets a \$0.67(e) pay check. Any increase in wages automatically calls for a corresponding increase in fringe benefits costs however because of the tax rates the employee only sees a very small increase in their net pay check.

We also find it very difficult to compare our employee's pay rates with employees from other states. Employers in other state don't have the costs of the Hawaii Pre Paid Health Care Act to deal with, a cost that can add another \$300 to \$1200 cost factor to each employee, per month. Most also do not have temporary disability insurance costs for off the job injuries to deal with. Factor those costs alone in and our full time employees are getting around another \$2.00 to \$3.00 plus per hour on top of the minimum wage.

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

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

We also find it quizzical that part of the reason, we are told, to increase the minimum wage is that the wage earners will immediately infuse their dollars into the economy.

That may be true but even the Department of Labor noted in their 2011 testimony on this subject that only 1.7% of the workforce in the first six (6) months of 2010 were earning minimum wage. An infusion of that nature won't even make the meter move.

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

Thank you.



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Lauren Zirbel, Executive Director

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

TO:

COMMITTEE ON JUDICIARY AND LABOR

Senator Gilbert S.C. Keith-Agaran, Chair
Senator Karl Rhoads, Vice Chair

DATE: Tuesday, February 14, 2017

TIME: 9:00 a.m.

PLACE: Conference Room 016

FROM: HAWAII FOOD INDUSTRY ASSOCIATION

Lauren Zirbel, Executive Director

RE: SB 107 (MINIMUM WAGE INCREASE)

Position: OPPOSE

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

HFIA opposes this bill, which will increase the minimum wage to \$15 per hour by 2019. This measure will increase the price of food. In the end, this proposal will make it harder for working families to make ends meet, which is the opposite of its intended impact.

The minimum wage is not a living wage, it is a training wage. Without a training wage it would be impossible for businesses to employ unskilled and completely untrained local high school students and groom them for leadership roles later in their career. This bill will have the unintended consequence of making it more difficult for employers to train and hire local youth. If the minimum wage is \$15, employers will be forced to mechanize low skill jobs and only higher skilled employees. Without on the job training, many individuals will be deprived of the opportunity to grow their roles in companies and ultimately better themselves and their community.

Many factors, including but not limited to Hawaii's geography and regulatory climate, make operating a business extremely expensive. A higher minimum wage would force businesses to adjust by reducing capital investment in their businesses, including the hiring of fewer employees; increasing efficiency efforts and potentially laying off employees, which in turn would mean requiring remaining workers to do more and/or forcing businesses to raise prices on goods and services. And, as the Washington Examiner points out, "(I)f customers must spend ... more on one thing, they will have less to spend on another, which can cause job losses."¹

A correlation between prices and minimum wage increases has been documented. A report from William Blair, a global investment banking and management firm, concluded that when San Francisco's minimum wage increased 14% from \$10.74 to \$12.25 per hour² (May 1, 2015), prices at Chipotle increased proportionately. According to the report:

All of the Chipotles in the area saw an "across-the-board" price increase. The hike included the chicken, pork, tofu and vegetarian prices, all of which increased 10 percent. The cost of steak and barbacoa rose 14 percent.

Data from this study suggests that the % increase in the minimum wage matched the % increase in food prices. Imagine the impact on local jobs and prices if the State of Hawaii mandates increasing minimum wage from \$9.25 (2017) to \$12.25 per hour (2018) and \$15.00 per hour (2019) as proposed in this bill. The first jump would increase wages by 32.5 percent and the second by 22.4 percent, thereby resulting in an **overall increase of 62 percent in the two years between 2017 and 2019.**

Please keep in mind, food retailers generally operate at a profit margin of around 1 percent. For many it may not be possible to change their pay scales and budget around this kind of extreme change. Local businesses may not have the capital to invest in the technology that will be needed to stay competitive.

Hawaii employers are already shouldering much higher costs per employee than almost any other state due to the Prepaid Healthcare Act of 1974. Unlike other states, in Hawaii, employers are required to provide very high benefit plans while also being prohibited from having employee's contributions exceed 1.5% of the employee's monthly wages. The cost of healthcare has continued to skyrocket, driving up the cost of labor and employing individuals in Hawaii. Adding a \$15 minimum wage to this and other mandates that drive up the cost of labor will make it very difficult to hire workers.

Thank you for the opportunity to testify.

¹ Emilie Padgett, *Study: Minimum Wage Hike Boosted Price of Chipotle Burritos*, Washington Examiner, July 7, 2015. <http://www.washingtonexaminer.com/at-chipotle-increase-in-minimum-wage-means-pricier-burritos-study/article/2567752> (accessed Oct. 6, 2015).

² City & County of San Francisco Office of Labor Standards Enforcement. *Minimum Wage Ordinance*. San Francisco, CA, 2015. <http://sfgsa.org/index.aspx?page=411> (accessed Oct. 9, 2015).



Hawaii Republican Party State House District 41

(Ewa, Ewa Beach, Ewa Gentry, Ewa Villages, Hoakalei, Ocean Pointe)

February 9, 2017

Senate Committee on Judiciary and Labor
Hawaii State Capitol
415 South Beretania Street, Room 16
Honolulu, HI 96813

Hearing: Tuesday, February 14, 2017 – 9:00 a.m.

RE: STRONG OPPOSITION for Senate Bill 107 – Minimum Wage; Tipped Employees; Adjusted Minimum Wage Rate

Aloha Chair Keith-Agaran, Vice Chair Rhoads and fellow committee members,

Minimum wage jobs are not intended to be lifetime careers. They most certainly are not intended to be able to support a full family.

Raising the minimum wage is going to lead to fewer minimum wage jobs, because most minimum wage jobs are not essential jobs, and making them more costly also makes them more expendable. Employers would rather pay one excellent employee \$16 per hour with benefits rather than pay two inexperienced entry-level workers \$9 per hour with benefits. The result is fewer jobs as the work is consolidated into fewer and fewer positions.

Not only would raising the minimum wage reduce the number of available jobs here in Hawaii, it would fail to make life “cheaper” for these workers in the long run. As every retailer, small business, gas station, movie theater, fast food and pizza joint are forced to raise the pay of their heavily teen, college-aged, part-time, and second-job workforce. Do they just go “**Oh okay**” and do nothing to make up for that? Of course not, they either reduce their workforce or increase the cost of their product or service. So while you boost the minimum wage of these workers based on so called “equality” it doesn’t matter much because the price of every product they plan to purchase from other retailers, fast food joints, and small business just skyrocket to pay for the wage increases.

This will also have a domino affect on the middle class because now their purchasing power is diminished. Unlike the lower waged workers, the middle class does not automatically get an increase in pay in order to absorb the cost of higher prices. In the end, this legislation will cause even further stress on the hard working families already living paycheck-to-paycheck, and small businesses dealing with all other forms of bureaucracy, while doing virtually nothing to help those who this legislation was intended to help.



Hawaii Republican Party

State House District 41

(Ewa, Ewa Beach, Ewa Gentry, Ewa Villages, Hoakalei, Ocean Pointe)

Additionally, this makes unskilled workers more expensive for businesses to hire, so hiring skilled and highly paid union members becomes a more attractive choice. This effectively increases union members' earned income but reduces low-income workers' job prospects and income earning capability.

I encourage you to vote NO. Instead you should be focusing on lowering the cost of living here in Hawaii by cutting taxes, reducing regulations and truly allowing small businesses to flourish.

Mahalo,
Brett Kulbis
District Chairman

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To: Sen. Gilbert S.C. Keith-Agaran, Chair
 Sen. Karl Rhoads, Vice Chair
 Members of the Committee on Judiciary and Labor

From: Victor Lim, Hawaii Restaurant Association

Subj: SB107 Relating to Minimum Wage Increase Schedule

Date: February 12, 2017

The Hawaii Restaurant Association represent around 3,500 restaurants employing about 90,000 food service jobs here opposes SB107 that will have change the scheduled increase for 1/1/2018 from \$10.10 per hour to \$12.25 per hour, and then increases to \$15.00 per hour in 1/1/2019 and at the same time eliminates the Tip Credit provision that the current law allows.

Our restaurant industry is struggling with the current schedule of about 75 cents increases in absorbing the costs as well as in passing on some of these costs in menu price and facing consumer resistance. To jump in \$3 per hour increments will be so hard on both businesses and the prices the consumer here in Hawaii will have to burden. This will make our minimum wage schedule increases higher than California and New York.

The elimination of the Tip Credit will also be devastating to the full-service segment of our industry where the highest paid employees in the restaurant will be disproportionately getting a huge raise where the pool of monies available to other support staff will further diminish.

For all of these reasons, we recommend that you do not pass this bill. Thanks you for allowing us to share our view. Thanks and Aloha.

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for SB107 on Feb 14, 2017 09:00AM
Date: Friday, February 10, 2017 12:19:39 AM

SB107

Submitted on: 2/10/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Shannon	Hot Yoga Hilo	Support	No

Comments: As a small business owner in Hilo I know the value of reliable and hardworking co-workers and employees, please require businesses to pay a fair, living wage. This improves the community and economy for all. Please support this bill. Mahalo.

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

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

Testimony on Minimum Wage Increases

Testimony to the Senate Committee on Judiciary and Labor

February 14, 2017

9 a.m.

State Capitol – Conference Room


Re: SENATE BILL 107 RELATING TO LABOR

Committee on Judiciary & Labor: Chair Gilbert Keith-Agaran, Vice-Chair Karl Rhoads

POSITION: STRONGLY OPPOSE

My name is Monica Konanimakamae Toguchi Ryan, and I own a 70-year old family business, Highway Inn.

What happens to the price of Lau Lau with the proposed increases in minimum wage?

	2017	2018	2019 ?	2020 ?	2022 ?
Minimum Wage/hr	\$ 9.25	\$ 10.10	\$ 11.50	\$ 15.00	\$ 22.00
Price of 1 Lau Lau	\$ 6.95	\$ 7.40	\$ 8.26	\$ 10.50	\$ 15.42

- Would you buy a Lau Lau for \$15.50, or \$10.50?
 - That is what it will cost with minimum wage at \$22 or \$15 per hour.
- Would you think the restaurant's owners were overcharging?
 - Our customers will!

Not only does this analysis apply to the iconic Hawaiian Lau Lau, but it will apply to restaurants in Hawaii as a whole, as labor and local food costs¹ increase. Increased prices reduce demand for services, goods and labor, and as a whole negate benefits of income redistribution through raising the minimum wage.

Restaurants have approximately $1/3^{\text{rd}}$ to $2/5^{\text{ths}}$ of one cost: Labor. Hence, restaurants' economic fortunes are very sensitive to the rise in labor cost. This cost can increase with the stroke of pen. It is similar to how other industries with one large input cost and low margins struggle when that one cost spikes - e.g. oil price shock in the transportation industry.

Although restaurants also have another $1/3^{\text{rd}}$ of their costs in many types of food products, food costs increase and decrease at different times, and for different food products. Hence overall food costs remain at manageable 'CPI' levels. The other $\sim 1/3^{\text{rd}}$ of costs are also typically long term manageable and predictable costs such as electric bills and rent.

¹ assumes local ingredients used in a lau lau increase in cost at a rate of $1/4^{\text{th}}$ the rate of labor increase as farmers low wage laborers also increases. Restaurant margin kept equal in each year at 4%

The other deadening impact of arbitrarily raising the minimum wage is that employees with skills honed after several years of work and *merit-based* salary increases, are matched in pay to non-skilled workers, thus their skill is devalued. Employers need to compensate existing skilled and loyal employees, even higher than the new minimum wage to maintain the internal equity between skilled and non-skilled labor. We estimate this adds an additional 25-40% in labor costs above the impact on costs of raising minimum wage.

The Minimum Wage Paradox in the Restaurant Industry

Moreover, the Paradox of the restaurant industry is that *staff members making Minimum Wage are the highest compensated employee group (non-manager) in the business*. Kitchen-staff earn less than the servers. BLS.gov from 2015 shows Hawaii servers making on average \$15.62 per hour (which is the highest in the nation), because the difference between \$15.62 and the Minimum Wage is paid in Tips. At Highway Inn Kaka'ako, servers earn \$20-\$30 per hour in tips. In fact, in 2015 one minimum wage employee earned \$72,100 in total compensation including earning Minimum Wage for 40 hours a week.

In Hawaii, the state has a disproportionate amount of wage earners in this category (1.35x the average per state per BLS.gov and third highest in the nation). Hence the data suggests that raising the minimum wage will not only impact restaurants more than the average in Hawaii, and thus the state, but it also compensates the workers that are already the highest compensated. Furthermore BLS.gov data says 25% of minimum wage earners are under 19, and 25% are between 19 and 34 years old – those people just setting out on their careers, or making ends meet while at college.

In other words – in Hawaii, the minimum wage increase will largely benefit high school and college students in short term work, and further increase the salary of a large proportion of minimum wage workers making \$15.62 an hour; likely not a group struggling with housing and basic needs.

The Established Federal Tip Credit law successfully restores balance to restaurant workers' salaries

The Tip Credit redistributes wages from the high-earning employees (servers) to the lower-earning employees (kitchen workers), at the individual restaurant micro level. Hawaii currently implements the lowest tip credit in the nation (see attachment).

Other States implement federal provisions specifically for tipped employees to remove this paradox. For example Massachusetts implements one of the highest tip credits of \$7.25 to reduce Wait staff's salaries to \$7.25 below the minimum wage – and servers then have their gross of \$20-\$30 per hour wage reduced to \$13-\$23 per hour. The accumulation of the tip credit for each hour worked gets redistributed to the kitchen workers such as dishwashers and cooks to increase their salaries to around \$20-\$25 per hour. Servers are accustomed to this. Servers have shared tips with Kitchen staff for many decades until it was deemed illegal in recent times. Now the Tip Credit is used to affect the same result.

Recent 9th circuit court rulings made tip pooling illegal in February 2016 in western states including Hawaii, further widening the gap between servers' and kitchen workers take-home pay, thereby making the Tip Credit the remaining legal mechanism for redistributing tips within a restaurant.

FEDERAL: Fair Labor Standards Act (FLSA)		Rank High to Low
Jurisdiction	Basic Combined Cash & Tip Minimum Wage Rate \$7.25	Maximum Tip Credit Against Minimum Wage \$5.12
District of Columbia*	\$11.50	\$8.73
Massachusetts	\$11.00	\$7.25
Nebraska	\$9.00	\$6.87
New Jersey	\$8.44	\$6.31
West Virginia	\$8.75	\$6.13
Delaware	\$8.25	\$6.02
Arkansas	\$8.50	\$5.87
Rhode Island	\$9.60	\$5.71
Michigan	\$8.90	\$5.52
New Mexico	\$7.50	\$5.37
Indiana	\$7.25	\$5.12
Kansas	\$7.25	\$5.12
Kentucky	\$7.25	\$5.12
Maryland	\$8.75	\$5.12
North Carolina	\$7.25	\$5.12
Oklahoma	\$7.25	\$5.12
Puerto Rico	\$7.25	\$5.12
Texas	\$7.25	\$5.12
Utah	\$7.25	\$5.12
Virginia	\$7.25	\$5.12
Alabama		Remainder = \$2.13
Georgia		Remainder = \$2.13
Louisiana		Remainder = \$2.13
Mississippi		Remainder = \$2.13
South Carolina		Remainder = \$2.13
Tennessee		Remainder = \$2.13
Virgin Islands	\$8.35	\$5.01
Vermont	\$10.00	\$5.00
Wisconsin	\$7.25	\$4.92
Pennsylvania	\$7.25	\$4.42
South Dakota	\$8.65	\$4.33
Ohio	\$8.15	\$4.07
Maine	\$9.00	\$4.00
New Hampshire	\$7.25	\$3.99
Idaho	\$7.25	\$3.90
Missouri	\$7.70	\$3.85
Connecticut	\$10.10	\$3.72
New York	\$7.50	\$3.50
Illinois	\$8.25	\$3.30
Colorado	\$9.30	\$3.02
Florida	\$8.10	\$3.02
Wyoming	\$5.15	\$3.02
Arizona	\$10.00	\$3.00
Iowa	\$7.25	\$2.90
North Dakota	\$7.25	\$2.39
Hawaii	\$9.25	\$0.75

The problem that's tearing restaurants apart

By **Roberto A. Ferdman** August 20, 2015

All across the country, restaurants are struggling to fill their kitchens. It's happening on the East Coast, in New York City, and in the Midwest, in Chicago; it's happening out West, too, in Los Angeles, San Francisco and Seattle. Good cooks, who were once in excess supply, are suddenly a lot tougher to find.

The truth is that despite what you might see on the Food Network or other cooking shows, being a cook is grueling work that's not for the faint of heart. The slowdown in immigration over the past five years has also made it harder for kitchens to find staff since the industry is deeply reliant on immigrant labor.

But there's another problem that's been bubbling up for decades: Many of the people who work the kitchen have been getting short-changed -- especially when compared to the wait staff serving customers.

"The back-of-house staff are typically underpaid compared to the front of the house," said Darren Tristano, executive vice president of Technomic, a restaurant industry research firm. "It's a really big issue."

Tipping the scale

On paper at least, cooks in this country are paid more than waiters. The median pay for cooks is about \$10 an hour, according to the Bureau of Labor Statistics. For waiters, it's roughly \$9 an hour. But those numbers don't tell the whole story -- because waiters are paid tips, and kitchen workers are not. And tips completely skew the comparison.

The government's estimate for how much waiters make includes a bit of guesswork about how much they earn from tips, since tips are often paid in cash, and things paid in cash tend to slip through the cracks. The Atlantic wrote about the issue earlier this year:

...the IRS estimates that as much as 40 percent of tips go unreported. It's hard to track for an obvious reason: Everyone likes giving and getting tips in cash. Nationally this adds up to as much as \$11 billion in unreported (and untaxed) income.

Waiters, in other words, are probably making a lot more money than BLS data makes it seem. Pay Scale, which tracks salaries through crowdsourcing, estimates that in cities like Miami, Boston and San Francisco, waiters can expect to make \$13 an hour in tips alone, on average. Elsewhere, tips can add well over \$10 an hour to servers' salaries.

Waiters working in big cities understand this. But so do cooks, and they aren't happy about it.

"The fact that servers are making so much money in tips is certainly a reference point that causes cooks to be dissatisfied with their pay," said Michael Lynn, a Cornell University professor and one of the country's foremost experts on tipping. "That is absolutely true. It's the way it is."

The waiting game

Waiters aren't paid like everyone else. Unlike cooks, who are subject to the federal minimum wage, servers are instead compensated based on the assumption that they are going to earn some extra money on the side. Restaurants are required to pay their wait staff what is known as the tipped-minimum wage, which is \$2.13 per hour.

The understanding is that tips will make up for the difference between the tipped and regular pay floor. But even when the tips don't make up that difference, waiters still make no less than the federal minimum wage because restaurants are legally required to pay the rest.

The truth, however, is that that rarely happens. The average base pay for waiters is \$4.90, according to Pay Scale. What they make in tips is earned on top of that, and tips alone more often than not amount to a good deal more than the \$7.25 federal minimum wage.

"It can be a very high-paying job," said Tristano. "Especially considering that many entry-level cooks earn at or near the minimum wage."

Kitchen workers aren't allowed to share tips. Early on, it was common practice for restaurateurs to pool together tips and then split them among their entire staff. It was also common for tips to disappear en route to the employees, likely into the pockets of management.

Realizing the need for regulation, the government intervened, creating a set of rules known as the Fair Labor Standards Act, which stipulates, among other things, that if tips are pooled, they can only be distributed among workers who "customarily and regularly receive tips." Cooks do not qualify. Neither do dishwashers or janitors.

"You can force a waiter to share a tip with a bus boy or bartender but not with someone in the kitchen staff," said Lynn. "It's illegal to split tips with the cooks."

Part of the reason for the measure was to ensure that there was no room for defrauding the public. If people think they're tipping the waiter but aren't, there's a lack of transparency. But mostly, Lynn said, it was a hasty response to the outgrowth of

firms plucking tips away from servers.

"It was a less than optimal solution," he said. "It was patchwork. The problem is that it doesn't really benefit the people working the back of house."

Tristano agrees. "It's not working for cooks," he said. "It's not working for them at all, and that's never really been addressed."

Bridging the gap, even as it grows

The ark of tipping etiquette varies, depending on where you live, but it tends to bend upward. In many cities, the tip norm has crept up from 15 percent of the bill to 18 percent. Where 20 percent was considered generous, 25 percent is becoming the new standard. And that's only widening the gap between what waiters and cooks are paid.

"The more money servers earn from tips, the more customers are ultimately paying to eat out," said Lynn. "That pressures restaurants to charge lower prices, which, in turn, makes it even harder to pay cooks."

The number of chefs and restaurateurs who are concerned about the current system is growing. Last year, a panel that included celebrity chef Michael Chiarello and Shake Shack founder Danny Meyer discussed how the tipping system is creating pay inequality within restaurants. In 2013, New York Times restaurant critic Pete Wells wrote a passionate takedown of tipping.

"The restaurant business can be seen as a class struggle between the groomed, pressed, articulate charmers working in the dining room and the blistered, stained and profane grunts in the kitchen," Wells wrote.

Many restaurants have responded by breaking from the traditional tipping system. Some have gotten rid of tips altogether. For instance, Sushi Yasuda in New York City added this note to its credit card slip a couple years ago: "Sushi Yasuda's service staff are fully compensated by their salary. Therefore gratuities are not accepted." Many others have simply added a flat service charge.

But there are other, more unique adaptations, too. One restaurant in Los Angeles, Alimento, added a kitchen service line to its bills, so that customers could leave a tip for both the servers and the cooks. Chef and owner Zach Pollack shared a picture of the new receipts on Instagram earlier this year.

LABOR LAWSUITS NEWS

1,

The Supreme Court Might Get to Decide If Tip-Pooling Is Legal

Here's why that's problematic

by [Daniela Galarza](#) | Jan 24, 2017, 3:52pm EST



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Late last week, the National Restaurant Association (often called “the other NRA”) **petitioned the U.S. Supreme Court** to hear a case to **decide if employee tips may be collected by the employer and redistributed** or pooled among tipped and/or non-tipped employees. In 2011, in response to a court ruling, the Department of Labor amended the **Fair Labor Standards Act** (FLSA) to specifically outlaw the practice of sharing tips between tipped employees and non-tipped employees, arguing that employers could use that leniency to pay its traditionally-non-tipped employees a lower minimum wage. In its recent petition, the NRA — which wants tipped and non-tipped employees to be able to share tips — is questioning the DOL’s authority to make changes to those laws.

How does tip pooling work?

Tipped employees in a restaurant setting include front-of-house staff: servers, captains, bussers, bartenders, and runners. Non-tipped employees refer to all back-of-house workers, including chefs, cooks, dishwashers, and porters.

In some states, there is a universal minimum wage; in others, there is a minimum wage and a separate tipped minimum wage. The **controversial** tipped minimum wage allows employers to pay tipped employees as little as \$2.13 per hour, with the understanding that all or a portion of their tips will make up the difference between their sub-minimum wage and the regular state or federal minimum. In order to do this, employers must notify employees of how their wages and tips will be calculated, and claim what is known in the industry as a “tip credit.”

Where this becomes complicated is when a restaurant wants to pool its servers’ tips and redistribute them among the staff. On this topic, the **Fair Labor Standards Act currently reads:**

Tips are the property of the employee. The employer is prohibited from using an employee’s tips for any reason other than as a credit against its minimum wage obligation to the employee (“tip credit”) or in furtherance of a valid tip pool.

Meanwhile, the FLSA on tip pools, and what constitutes a valid tip pool:

The requirement that an employee must retain all tips does not preclude **a valid tip pooling or sharing arrangement** among employees who customarily and regularly receive tips, such as waiters, waitresses, bellhops, counter personnel (who serve customers), bussers, and service bartenders. A valid tip pool may not include employees who do not customarily and regularly received tips, such as dishwashers, cooks, chefs, and janitors.

Why and how did tip pooling end up in the courts?

The NRA’s petition stems from a 2010 case, *Cumbie v. Woody Woo Inc.*, in which a server in Oregon (where the minimum wage was \$8.40 per hour at the time of the case; there is no tipped minimum wage in Oregon) sued her employer because her tips were being pooled between front (tipped) and back-of-house (non-tipped) staff. In that case, the server’s tips were being distributed thusly, **as described in the appeal:** “The largest portion of the tip pool (between 55 percent and 70 percent) went to kitchen staff (e.g., dishwashers and cooks), who

are not customarily tipped in the restaurant industry. The remainder (between 30 percent and 45 percent) was returned to the servers in proportion to their hours worked.”

Cumbie’s argument was straightforward: The FLSA states (29 U.S.C. §§ 203(m)) that tip pooling is valid only when (a) an employer claims a tip credit; (b) an employer tells employees in advance that they will be pooling tips; and crucially (c) tips are shared amongst tipped employees only (i.e. **front-of-house staff and not back-of-house staff**).

The initial case was dismissed. **In the appeal**, the court sided with the defendant, Woody Woo Inc. It argued that because (a) Cumbie was paid at least the minimum wage; and (b) knew upon the start of her employment that she would be sharing tips with back-of-house staff, the tip pooling arrangement set forth by Woo Inc. was valid. (That court’s decision was later overturned; more on that below.)

What else is at stake?

But the bigger argument Woody Woo Inc. successfully made — and the one the NRA wants upheld according to its petition — is that Congress did not grant a specific statute under which the Department of Labor can make such rules or amendments to the law: In other words, **who gave the DOL the authority to make these rules, anyway?** Various cases related to other parts of the FLSA have fixated on what powers the regulators at the DOL do or do not have; this argument isn’t a new one. But the petition does give the Supreme Court a reason to reassess the laws and pertinent cases and make a final call, which, if it happens, could in theory upend judgements in dozens of legacy cases.

In the Cumbie v. Woody Woo Inc. case, the Department of Labor — under then-Secretary of Labor Thomas Perez — disagreed with the appeal, **writing in 2011** that “if there are no restrictions on an employer’s use of its employees’ tips... the employer can... mandate that employees turn over all of their tips and use those tips to pay the minimum wage or for any other purpose.” In other words, according to the DOL’s reading of the Cumbie v. Woody Woo Inc. ruling, a restaurant could pay a cook — a non-tipped employee — less than minimum wage, collect tips from a server and, as long as the server made minimum wage, use a portion of those tips to make up the pay to the cook. The DOL specifically sought to prevent employers

from withholding and redistributing employee tips for the purposes **of making up the wages of non-tipped employees.**

DeCamp and the Restaurant Law Center's executive director Angelo Amador clarified in an email that in their current argument to the Ninth Circuit, "not a single one of the plaintiffs in this case advocates restaurants keeping tips... We stated very clearly... during oral argument that if the only thing DOL did here was to ban restaurants from keeping some or all of the employee tips, we would not have filed the case. This case is, and always has been, purely about restaurants being able to have tip pools that also include kitchen staff. That's it."

But the court's ruling is in fact so open to interpretation, **according to the DOL's notes on updating the FLSA**, that it could be argued that an employer may collect tips from tipped employees — as long as it paid them minimum wage, did not claim a tip credit, and informed them of the practice in advance — and tip out the chef, or even management. Reached by phone, Paul DeCamp — council of record for the Restaurant Law Center, a legal division of the NRA — said assuming the prerequisites were in order, an employer could even keep a portion of the tips "for the house itself." Though this isn't the intent of the NRA's petition, this under-publicized loophole remains.

How does this fit in with the current tipping conversation?

In 2011, **the DOL further amended the rule to specify** "valid mandatory tip pools... can only include those employees who customarily and regularly receive tips," and that "an employer must notify its employees of any required tip pool contribution amount, may only take a tip credit for the amount of tips each employee ultimately receives, and may not retain any of the employee's tips for any other purpose." **In February 2016**, the Ninth Circuit Court overturned the Cumbie ruling, officially referring to the DOL's version of its tipping regulation: It is illegal to pool tips with non-tipped employees.

But Cumbie v. Woody Woo Inc. is not the first or only lawsuit that has sought to clarify or overturn these rules, which is why DeCamp believes the Supreme Court petition for his case may just have a chance. Restaurants have been trying to side-step the labor department's rules for years, **mostly in good faith** and for the purposes of sharing front-of-house wealth with the hard-working and highly-skilled back-of-house. **A couple of years ago, LA-based chef Zach Pollack added a kitchen tip line** to every check, thereby giving diners an opportunity to bump up the take-home pay of cooks and dishwashers.

Most notably, NYC-based restaurateur and Shake Shack mastermind Danny Meyer **announced in 2014 that he would be eliminating gratuity** from his restaurants altogether by raising menu prices and paying front- and back-of-house staff salaries that compensated them based on merit, not the arbitrary generosity of individual guests. **In a recent interview, Meyer explained** his reasoning for evolving his business out of its dependence on tips in blunter terms:

What is a tip? It's a multiplier of menu pricing and as menu prices have gone up, so too has the multiplier over the course of my career which is now 30, 31 years. Tipped employees, happily for them, are making about 300 percent of what they were 31 years ago. During that same period, everyone in the kitchen – the dishwasher, non-tip eligible employees – have seen their hourly income go up about 20 percent.

With minimum wages on the rise across the country, the topic has become a hot-button issue for restaurants. In 2015, the National Restaurant Association **came out against raises for fast-food workers and the Fight for \$15**, a grassroots movement that seeks to raise the wages of workers in several industries, including hospitality. One reading of the NRA's recent petition could be that it's hoping a relaxing of FLSA regulations will make it easier for the industry to meet increasing labor costs by giving restaurateurs more options for how to manage tips and meet wage obligations.

But what if the new administration under (proposed) **incoming Secretary of Labor Andrew Puzder**, a Republican in favor of deregulation, seeks to relax those rules — referencing the same statutes the DOL did in its 2011 revisions — without waiting for a Supreme Court interpretation? Now, that would be interesting.

- **All Labor Coverage** [E]
- **All National Restaurant Association Coverage** [E]

Daniela Galarza is a senior editor at Eater.

Editor: Erin DeJesus

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Duff on Hospitality Law

Bad News for Employers: In a Surprise, Ninth Circuit Upholds Tip Pooling Regulations

By Michael Brunet on 2.25.16 | Posted in Employment Law, Food and Beverage, Hotel Restaurant

In the latest of a series of twists and turns regarding the legality of certain tip pools in Western states, on February 23, 2016, a divided three judge panel of the Ninth Circuit Court of Appeals validated regulations by the Department of Labor (“DOL”) that significantly limit employers’ ability to have tip pools that include more than “customarily and regularly tipped” employees. This development means that employers operating in states or territories in the Ninth Circuit (covering Washington, Oregon, Alaska, Idaho, Montana, Nevada, California, Arizona, Hawaii, Guam, and the Northern Mariana Islands) cannot include in their tip pools “back of the house” employees (such as cooks or dishwashers) or other employees who are not customarily tipped. We examine the impact of and history behind this decision below.

How did we get here?

Under the federal Fair Labor Standards Act (“FLSA”), with proper notice, an employer can use an employee’s tips to offset a significant portion of the federal minimum wage. This is known as a “tip credit.” Tip credits are illegal under Oregon and Washington law, but remain legal in many other states.

Under the FLSA, where an employer claims a tip credit toward the federal minimum wage, the employer may only require that employees pool tips with other employees who customarily and regularly receive tips. This requirement means that “back of the house” employees and other employees who do not regularly receive more than \$30 in tips each month are not eligible to participate in a mandatory tip pool *if their employer takes a tip credit*. The FLSA is silent about who may participate in a mandatory tip pool if the employer does not claim a tip credit against the minimum wage.

The scope of mandatory tip pools in situations when the employer does not claim tip credits was the main subject of the 2010 case *Cumbie v. Woody Woo, Inc., dba Vita Cafe*, 596 P.2d 577 (9th Cir. 2010), a much-touted victory for the hospitality industry in the Ninth Circuit (achieved by GSB’s own Eric Lindenauer, who was representing the employer). In that case, the Ninth Circuit Court of Appeals rejected a waitstaff’s claim against Vita Cafe in Portland, Oregon that the cafe’s mandatory tip pool violated the FLSA because the pool included employees

Bad News for Employers: In a Surprise, Ninth Circuit Upholds Tip Pooling Regulations



who did not regularly receive tips (in that case, kitchen employees). The court held that the FLSA's restriction on tip sharing among customarily and regularly tipped employees applies only when their employer claims the federal tip credit. Accordingly, after this decision, employers operating in the Ninth Circuit who did not claim a tip credit could legally require servers to share tips with "back of the house" employees who did not customarily receive tips.

Unsurprisingly, and in direct response to the *Woody Woo* decision, in May 2011, DOL issued new regulations regarding tips. Under those regulations, DOL interpreted the FLSA such that tips are the property of the tipped employee (and no one else) regardless of whether an employer claims a tip credit against that employee's wages. As such, under the regulations, an employer cannot use an employee's tips except as a credit against minimum wage (if allowed by state law) or as part of a tip pool that only includes employees who regularly receive tips.

While the 2011 regulations were being prepared by DOL, the National Restaurant Association met with the agency several times to discuss how the regulations would be enforced in the Ninth Circuit in light of the *Woody Woo* decision. The agency assured the Association that it would not enforce the new rules in the Ninth Circuit. However, in an abrupt about-face, in February 2012 DOL issued a directive to its field investigators that explicitly rejected the *Woody Woo* decision and instructed them to enforce the new regulations nationwide, including in the Ninth Circuit.

In July 2012 several restaurant industry associations (including the Washington Restaurant Association and Oregon Restaurant and Lodging Association) and others filed a lawsuit in Oregon's federal court, challenging the validity of the 2011 DOL regulations. They argued that DOL exceeded its authority in issuing the regulations, and that the regulations were inconsistent with the plain language of the FLSA as well as of *Woody Woo*. They prevailed in summer 2013, when a federal judge ruled that DOL went beyond its authority when it issued regulations prohibiting the use of tips by an employer even when the employer does not take a tip credit. Specifically, Judge Michael Mosman held that Congress, through the FLSA, had intended to impose tip pooling conditions on employers who take a tip credit, but did not intend to impose a similar requirement for all tipped employees. As a result of this ruling, DOL's 2011 tip pooling regulations were invalidated for employers operating in the Ninth Circuit.

Unfortunately, DOL appealed the decision to the Ninth Circuit Court of Appeals, where it was consolidated with another similar appeal regarding control over casino workers' tips. Legal experts expected that the Court of Appeals would affirm the Oregon federal court's decision, given that judges from the same court decided *Woody Woo* in employers' favor just a few years ago. However, as discussed above, a divided three judge panel issued a surprise ruling in February 2016, concluding that DOL did in fact have authority to issue the 2011 regulations. The complete decision is available to read here.

Bad News for Employers: In a Surprise, Ninth Circuit Upholds Tip Pooling Regulations



Where do we go from here?

There is still a slight chance that the Ninth Circuit Court of Appeals' decision may be reconsidered by 11 judges of the court (called an *en banc* hearing), or considered on appeal to the United States Supreme Court. However, neither of these outcomes is likely. As it stands, the law under this new ruling does not permit mandatory tip pools that include anyone (like back of the house workers) other than regularly and customarily tipped employees. This is a major shift, as such tip pools appeared safe in the Ninth Circuit for the last five years.

In light of this ruling, employers with mandatory tip pools should change the parameters of their programs to eliminate sharing with employees who do not customarily receive tips. Or, as an alternative, such employers could consider implementing a non-discretionary service charge to be shared more broadly among employees (more on that option here). Either way, every employer's situation is different, and we recommend seeking legal counsel before making any changes to tip pools.

Tags: back of house employees, Department of Labor, DOL, Fair Labor Standards Act, Federal Minimum Wage, FLSA, National Restaurant Association, Ninth Circuit, Ninth Circuit Court of Appeals, Oregon, Oregon Restaurant and Lodging Association, Tip Credit, tip pooling conditions, tip pools, Washington Restaurant Association

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for SB107 on Feb 14, 2017 09:00AM
Date: Friday, February 10, 2017 8:07:36 AM

SB107

Submitted on: 2/10/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Dirk Koeppenkastrop	IL Gelato Hawaii	Oppose	Yes

Comments: Testimony to Bill SB107 My name is Dirk Koeppenkastrop and I am the founder and owner of IL Gelato Hawaii. I am a graduate from the University of Hawaii and as there are no higher-level jobs as a chemist my wife and I started a small business here in Honolulu six years ago. We make all natural high quality gelato (ice cream) here in Hawaii and sell wholesale to restaurants and operate two retail locations. We have approximately 45 employees and most of them part time. The proposed bill is challenging the existence of our gelato business. In our gelato stores we offer work to high school students and unskilled workers who often have their first jobs with us. They come with little to no experience and need a lot of training and supervision, which we provide. This was acceptable when the minimum wage was \$7.25 per hour. If wages are going beyond \$10.00 we will have a problem to continue to operate our business. Our workers have the opportunity to earn tips on top of their hourly wage, giving an incentive to provide excellent customer service. Our customer's come for high quality ice cream and friendly and service and tipping is common and an additional source of income for our staff. A scoop of ice cream at our store is \$3.75 and already considered to be too expensive for local families. We get a lot of comments via social media and Yelp reviews that we are too expensive. Our food costs in Hawaii are the highest of the nation. Our rents are the highest of the nation. Energy and insurance cost are higher than anywhere else. It is very difficult to operate a business in Hawaii. We cannot increase our scoop prices, as we would loose our local customers. If payroll continues to increase so substantially we need to close our business, which would challenge our existence and could no longer offer entry-level jobs to those young people. We strongly oppose to proceed with proposed bill SB107. Sincerely, Dirk Koeppenkastrop, Ph.D.

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

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February 12, 2017

Senate's Committee on Judiciary & Labor
Hawaii State Capitol
415 South Beretania Street, Room 016
Honolulu, HI 96813

Hearing: Tuesday, February 14, 2017 – 9:00 a.m.

RE: **SUPPORT for Senate Bill 107** – RELATING TO MINIMUM WAGE

Aloha Chairperson Keith-Aragan, Vice Chair Rhoads and fellow committee members,

I am writing in SUPPORT to Senate Bill 107 on behalf of the LGBT Caucus of the Democratic Party of Hawai'i. SB 107 increases the minimum wage to \$12.25 per hour in 2018 and \$15 per hour in 2019. Repeals language allowing the hourly wage of a tipped employee to be increased on account of tips. Requires the department of labor and industrial relations to annually calculate the adjusted minimum wage rate to the nearest five cents using the Honolulu region CPI-W.

SB 107 is greatly needed for our economy and the state. When employees are paid a living wage it is a drain on the economy and the State's budget. Because it is we the tax payers that end up help subsidizing business profits for those employers that refuse to pay a living wage.

The LGBT Caucus would be STRONGLY supporting SB 107 if the increase included tipped employees. A lot of members of the LGBTQIA community work in the service industry and we here at the LGBT Caucus hear about the months that those in the service industry don't make enough to cover rent or utilities and have to take out a loan or borrow from friends to cover these essentials. Therefore the LGBT Caucus requests that SB 107 be amended to include tipped employees.

We hope you all will support this important piece of legislation with our suggested amendment.

Mahalo nui loa,

Michael Golojuch, Jr.
Chair and SCC Representative
LGBT Caucus for the DPH

TESTIMONY
THE LIBERTARIAN PARTY OF HAWAII
c/o 1658 Liholiho St #205
Honolulu, HI 96822

February 12, 2017

RE: SB 107 to be heard Tuesday February 14, in Room 016 at 9:00 AM

To the members of the Senate Committee on Judiciary and Labor

The Libertarian **strongly opposes** this bill that will worsen the problems caused by minimum wage laws. We understand these laws are widely popular. However, they are as much based on fallacy as the once common notion that the world is flat. These laws undermine employment and overall economic productivity causing higher prices in relation to wages and creating an ever growing underclass of chronically unemployed unskilled workers.

Wages are determined by the labor market. They are not arbitrarily set by employers. There are separate markets for various types of skills and needs for labor. The supply and demand for these skills is not effected by minimum wage laws. Nor is worker productivity, which is the source of labor value, effected. Minimum wage laws cannot increase the value of work done. Taking out the variables for inflation and actual changes in worker productivity due to increased job experience and increased capitalization, the only possible effects of such laws are negative. No one benefits from minimum wage laws. The higher they are set in relation to actual market values the more harm is done and the more obvious it becomes. One only need do a thought problem of what would happen if the State made the minimum wage \$100 per hour to begin to understand how fruitless such an exercise would be.

Signed:



Tracy Ryan, Chair



3610 Waialae Ave
Honolulu, HI 96816
P: (808) 592-4200
E: tyamaki@rmhawaii.org

**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
February 14, 2017
Re: SB 107 RELATING TO MINIMUM WAGE**

Good morning Chairman Keith-Agaran and members of the Senate Committee on Judiciary and Labor. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

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

The Retail Merchants of Hawaii strongly opposes SB 107 Relating to Minimum Wage. This bill would exponentially raise the minimum wage from its current \$9.25 per hour to \$12.25 on January 1, 2018, \$15.00 per hour on January 1, 2019 and amend the rate according to an adjusted minimum wage rate starting on September 30, 2019.

The most harmful consequence of this minimum wage increase will be on our smaller retailers which face constant and intense competition, not only from other retailers, but also from internet sellers.

The impact of a minimum wage increase is exponential, causing a compression of wages between newly hired, inexperienced workers and veteran, experienced employees. Mandating scheduled adjustments at the lowest tier of the employment scale causes a tremendous and prohibitive increase in overall employment costs. Furthermore, an increase in payroll costs also leads to increases in benefit costs that are based on wages, including unemployment insurance, Social Security and Medicare, workers' compensation premiums, and vacation and holiday pay.

Over the past few years, the retail industry has seen reasonable growth, with existing companies opening new locations and new retailers entering the marketplace. Hundreds of new retail jobs are being created, with compensation levels based on the current economic conditions, reemployment regulations, and the business philosophy of the employer. Increasing the minimum wage is counterproductive to any further growth.

We respectfully ask that you hold this measure. Mahalo again for this opportunity to testify.



To: Senator Gilbert S.C. Keith-Agaran, Chair
Senator Karl Rhoads, Vice Chair
Members of the Committee on Judiciary and Labor

From: Michael Miller, Tiki's Grill & Bar
Subject: **SB 107** Relating to Minimum Wage Increase Schedule
Date: February 12, 2017

Thank you for the opportunity to provide testimony. We, at Tiki's Grill & Bar, hereby oppose House bill SB 107 Relating to the Minimum Wage Increase.

We are a locally owned and operated restaurant in our 15th year of business. Our owners and myself are all graduates of the University of Hawai'i at Manoa and are very active in our community.

We believe in our community and we provide opportunities for people to grow and learn as well as to provide experiences for both locals and visitors every day.

All of our staff who are paid minimum wage actually bring home between \$15 and \$30 per hour because they earn gratuities by giving excellent service and working hard with each other. So why do we care?

We love growing people. We create the opportunities for our people to not just do their job, but to strive to advance, do well personally and for the company. It's not just about the pay.

Our industry gives people the ability to move up, but a person needs to have personal motivation to do more, to earn more. Employees come and work with us with or without a high school diploma or a college degree and English can also be their second language. An employee can start as a host, a busser or a dishwasher with ZERO skills and we will take the time and effort to train him or her. Our employees continually learn skills and grow.

To advance, employees have choices: to move to higher positions within the company, or leave for another opportunity. An example of growth within would be to move from a host to waiter or from a dishwasher to a prep-cook. Or an employee leaves us for better opportunities because s/he has learned new skills on the job and has the drive to grow outside the company. Our current General Manager started as a busboy and worked his way up. Our Sous Chef worked his way up from a dishwasher to his current position.

Restaurants historically carry slim profit margins, and this is even more challenging in Hawaii, with its existing regulations and cost of living. The implementation of this bill is not free, which at its basic level, reduces the ability of restaurants to provide opportunities by reducing the



number of new hires, decreasing the amount that can be spent on current employees, particularly non-tipped employees in the "back of the house."

We will need to raise our prices to stay in business. Our bloodline is our economy that is based on tourism, if we keep raising our prices we will lose visitors to other locations that offer more value to visitors.

By raising the minimum wage, we may be forced to reduce the hours we can offer our employees, and we will not be as competitive as we should be to attract the best employees.

The effect on the industry, community, and employees is more than just a dollar amount. Additional governmental regulations increase the government's role in making decisions for businesses.

We urge you NOT to pass this bill out of committee and say, "Mahalo" for considering our point of view while making laws and rules that affect Hawai'i.

Mahalo,

Michael Miller / Director of Operations
michaelm@tikisgrill.com

From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for SB107 on Feb 14, 2017 09:00AM
Date: Saturday, February 11, 2017 1:45:30 PM

SB107

Submitted on: 2/11/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Arianna Feinberg	Individual	Support	No

Comments: As a lifelong Maui resident, small business owner, and active Democrat, I support SB107 "Related to Minimum Wage". By 2019 we should have a minimum wage of \$15 as it is impossible to not be totally impoverished living in Hawaii on less than that. As a small business owner I wish I didnt have to pay as high payroll and unemployment taxes so I give more money directly to my employees through wages or benefits... Anyways I still support a living wage for Hawaii's people of at least \$15/hr.

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From: mailinglist@capitol.hawaii.gov
To: [JDLTestimony](#)
Cc:
Subject: Submitted testimony for SB107 on Feb 14, 2017 09:00AM
Date: Sunday, February 12, 2017 10:01:38 PM

SB107

Submitted on: 2/12/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Barbara Polk	Individual	Support	No

Comments: Chair Keith-Agaran, Vice Chair Rhoads, and members of the committee: I strongly support SB107. Since the legislature last increased the minimum wage, other states and localities have increased theirs, some of them already to \$15/hour. Although Hawaii has the highest or almost the highest cost of living in the country, our wages are lagging behind. A jump in one year to \$15 is probably too rapid, so I support doing so in two steps. When wages are low, young people are forced to leave Hawaii to achieve a reasonable standard of living. Hawaii has borne this cost of the loss of talent for many years, to the detriment of our communities and to business in Hawaii. Employees are also consumers. With more money, they can spend more, resulting in a boost to the private sector. I strongly encourage you to pass SB 107. Thank you for the opportunity to submit testimony on this bill. Barbara Polk

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Bart Dame
710 West Hind Drive, Honolulu, HI

COMMITTEE ON JUDICIARY AND LABOR

Sen. Gilbert Keith-Agaran, Chair
Sen. Karl Rhoads, Vice Chair

Date: Tuesday, Feb 14, 2017
Time: 9:00 a.m.
Place: Conference room 016

SB 107, Relating to the Minimum Wage, in SUPPORT

Good morning, Chair Keith Agaran, Vice-Chair Rhoads and members of the committee,

My name is Bart Dame and I am testifying today as an individual in SUPPORT of SB 107, a bill which will raise the minimum wage, eliminate the tip credit and automatically adjust the minimum wage in the future so it no longer loses its value as the cost of living rises.

The minimum wage can be a controversial subject exactly because it is so important and can shift income from more powerful earners and consumers to the most lowly paid. As most of us know, though some do not want us to be reminded, income inequality has grown much worse in the United States since about 1980. The causes are many, but among them are changes in the law in a way which favors stockholders and business owners over employees. We can see this in how the tax code has become very regressive as the burden has shifted away from investors and the wealthy onto the backs of middle and low-income people. This is by conscious choice by lawmakers. We need to convince our lawmakers to restore progressivity in our tax code.

Similarly, the level of the minimum wage reflects the commitment of lawmakers towards the most lowly paid people in our society. These are politically and economically powerless people, relative to business owners and stockholders.

There are several widely accepted myths about the minimum wage. I have heard some of them in testimony in this building by people who should know better. But because they are widely spread, they are widely believed. Among these false claims is that “the minimum wage was intended to be a starting wage” for those just entering the workforce. No one making this claim can cite a source for their confusion. But the enacting legislation for the federal minimum wage, passed as part of FDR's package of New Deal laws to improve the living standards and put people back to work during the Great Depression makes it clear the minimum wage was intended, FROM THE START, to provide a decent standard of living for a full-time worker.

As you probably know, FDR himself said:

“By living wages, I mean more than a bare subsistence level — I mean the wages of a decent living.” FDR, 1933

Deciding what constitutes a “decent living” is subjective, but it is a choice YOU must make.

I steer a middle path in this debate. The minimum wage cannot arbitrarily be raised suddenly and by a large amount, even if we might believe, might KNOW, working people in Hawaii face the highest cost of living in the US. Too sudden an increase will shock many businesses, particularly small businesses. SO how do we get it to approximate a “living wage”? We will have to phase it in.

And we will have to do so in the face of opposition from business groups who never believe the time is right to raise it.

Didn't we just raise the minimum wage a few years ago? Yes, and it will go up again, to \$10.10 on January 1st 2018. I heard the late Lowell Kalapa testify a few years ago that he had worked for the minimum wage and it made him a better person. When Lowell and I first worked for the minimum wage, it was \$1.60. Today our minimum wage is \$9.25. But that \$1.60 is equal to \$11.40. So the current minimum wage is worth over two dollars less than it should be, using Lowell's experience as a guide.

I think we need to follow up on the schedule of wage hikes to raise it to \$15 an hour. I realize it will create a steady pressure on some businesses, but the vast majority of them will be able to incorporate it into the business model. Those who cannot are probably not following a viable business plan. Again, from FDR explaining the logic behind the minimum wage law:

“No business which depends for existence on paying less than living wages to its workers has any right to continue in this country.” FDR, 1933

I do not want to sound heartless and unconcerned about the needs of small businesses. It is the market which is heartless. It is the difficulties of running a small business in competition with heartless larger corporations, meeting OTHER rising expenses which create a heartless environment for small business. Small employers are generally powerless in pushing back on other costs, so they do it against the weaker people, employees who have few options but to accept whatever is offered them.

If we were, out of some utopian zeal, suddenly demand employers pay a genuine “living wage,” capable of providing decent housing in Hawaii, our idealism would be blinding us to the genuine needs of small businesses. But if we are committed, and not all are, to ensuring that we do, someday, get to a place where the minimum wage does provide a decent living, we have to phase in wage hikes, against the natural resistance of business interests.

FDR recognized that businesses will naturally tend to be shortsighted and not recognize that higher wages for workers lead to expanded consumption, leading to increased sales of goods and services, leading to increased hiring by businesses to meet the growing demand. As workers get more disposable income, they buy more. If an individual employer raises his wages, those wages may be spent elsewhere. So where is the benefit to the specific employer. Raising the legal minimum wage leads to a general increase in purchasing power by a large number of employees, leading to increased sales for many businesses.

Please pass HB5 as a step towards making the minimum wage the “living wage” it was intended to be. It will not get us there, but it is a step in the right direction.

Thank you for this opportunity to testify.

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Subject: Submitted testimony for SB107 on Feb 14, 2017 09:00AM
Date: Sunday, February 12, 2017 7:28:34 AM

SB107

Submitted on: 2/12/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

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

Comments: The minimum wage for 2018 should be \$15-\$18 and in 2018 \$22.00
...You try living on \$15.00 an hour you can only live in an Affordable Housing Unit
which of course none are available because all housing is being used for Short Term
Rentals.

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SB107

Submitted on: 2/12/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Chris Mentzel	Individual	Support	No

Comments:

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SB107

Submitted on: 2/13/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Donni Gye Corrow-Sanchez	Individual	Support	No

Comments: Aloha and mahalo for the opportunity to testify in support of this vital legislation. I am a Democrat living in Maui and currently serving as acting Chair for District 10. The cost of living, especially here in Maui, is becoming prohibitive for most people and we must require employers to provide a living wage to their employees. Mahalo for your kokua.

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SB107

Submitted on: 2/12/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
elizabeth hansen	Individual	Support	No

Comments: this will positively impact upon the families of hawaii

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SB107

Submitted on: 2/12/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Emily McIlroy	Individual	Support	No

Comments:

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SB107

Submitted on: 2/11/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Emily White	Individual	Support	No

Comments: For our future!

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SB107

Submitted on: 2/11/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

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

Comments: Hawai'i's low-income and houseless families need this.

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From: [Heather Rochlen](#)
To: [JDL Testimony](#)
Subject: Minimum Wage Increase
Date: Friday, February 10, 2017 3:58:38 PM

To whom it may concern,

We are business owners, Heather and Pua Rochlen. We own Jams World and Surf Line Hawaii LTD. We have been designing and manufacturing apparel here on Oahu since 1964, when my father in law started out!

We own a 23,000 square foot manufacturing facility in Kalihi where we produce about 100,000 units of Aloha wear. Many of our employees, especially in our sewing, shipping, warehousing and retail are elderly immigrant women. We have many employees who have been with us for 30-40 years! This is a testament to the way we treat them and how they feel about working. We currently employ 70 local people. We have 6 retail locations where we sell our made in Hawaii product. We also sell to Macy's and other Retailers across the country.

We have remained committed to manufacturing here and giving back to our community to sacrifice profits for principle and operate with very low profit margins already. With the minimum wage increase to \$9.25 this year we had to lay off 3 employees to pay for the increase.

A minimum wage increase to \$15 will most definitely force us to shut down our manufacturing operations locally and seek third world labor to remain in business. What will happen to our employees who are now happily employed and enjoying the benefits of their jobs here in Honolulu?

I can not express with words my worry about our business our retail operation and our employees if this increase takes effect.

With much Aloha,

Heather Rochlen
Executive Vice President

Aloha Kakou,

Please pass SB107, Relating to Labor. Hawaii's working families face the highest cost of living in the country, yet our wages lag behind those of many other states. Please vote to raise the minimum wage to help us buy food, pay our bills and raise our families.

Thank you for your attention.

Aloha,

Jan Mitchell
Kailua, HI
96734

From: [Jeffrey D. Lau](#)
To: [JDLTestimony](#)
Cc:
Subject: SB 107 Hearing on 2/14 at 9:00am
Date: Monday, February 13, 2017 1:34:08 PM

To whom it may concern:

As an Economics Major with an MBA in Finance and a law practice;

- a. This bill will raise the minimum wage cost to \$21-25 per hour including healthcare benefits and other mandated taxes and benefits.
- b. Minimum wage is meant to be a floor and not a living wage.
- c. This could force employers to reduce hours and other benefits and hurt those that this bill seeks to help.
- d. CPI will hurt businesses and their employees in bad economic times.

I am speaking individually and not as past president of the Chinese Chamber of Commerce of Hawaii, Past Trustee of the University of Hawaii Foundation, Past Director of Hawaii Society of Business Professionals, present member of the Hawaii/Pacific District Export Council under the US Department of Commerce appointed under the Obama Administration, nor as a China sister city representative for the City and County of Honolulu, nor as a member of the Hong Kong Business Association of Hawaii, nor as Director of the UH Shidler Alumni Association, nor as Director of a Financial Institution in Hawaii and a participant CEO Conference at Beijing APEC 2014 and Asia Pacific Leadership Program Mentor for the East West Center.

As a strong proponent of giving our youth an opportunity to gain employment opportunities at the entry level, I fear that the passing of this bill, companies may withdraw those entry level opportunities in mass as has already happened with many management training programs here in our community.

Sincerely,

Jeff Lau

Jeffrey Daniel Lau
Ogawa Lau Nakamura & Jew
Attorneys at Law ~ A Law Corporation

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SB107

Submitted on: 2/11/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
John A. H. Tomoso	Individual	Support	No

Comments: RE: SB107 Increasing the minimum wage to \$12.25 per hour in 2018 and \$15 per hour in 2019 allows individuals and families who are a part of our predominate service industry sector to keep up with our tremendously high cost of living here in Hawai'i. I also know that the cost of housing, especially rental housing, contributes to this high cost. Mahalo John A. H. Tomoso, MSW, ACSW, LSW 51 Ku'ula Street Kahului, Maui, HI 96732-2906 808-280-1749
john.a.h.tomoso@gmail.com

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SB107

Submitted on: 2/12/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Joshua Kay	Individual	Support	No

Comments:

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SB107

Submitted on: 2/11/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Joy Lacanienta	Individual	Support	No

Comments: Hawai`i has one of the highest cost of living in the US with the lowest wages in the nation. New York and California have both adopted plans to increase their minimum wage to \$15

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Attachments: [SB107.docx](#)

SB107

Submitted on: 2/9/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Karin Nomura	Individual	Support	No

Comments:

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While I wish I could see the minimum wage increase faster, feel that anything that helps to increase wages in Hawaii is a necessity. While I've worked, I've met a number of people – some needing to work 2 even 3 jobs in order to support their families, so they could continue to live in this paradise we call home. (this doesn't include all the other items that I haven't seen, have seen but can't mention here, or have had friends who work in the industry previously mention...Or just leaving to find a job, housing outside of Hawaii to make ends meet...) As with the cost of living in Hawaii – a roof over one's head (and I'm talking about what normally constitutes a rental, not some of the illegal ones I've run into when I first started looking for a home 11 years ago, that was just one step away from the new homeless housing type...), food on the table, clothes on their backs, sometimes parking (which in some places is just ridiculous, half the paycheck goes to parking, which you need to have a job – though yes, there are buses and soon we'll have the rail, but in the meantime...), etc. everything in Hawaii costs more...yet unlike some other locations, we also have to deal with fluctuating prices – for example, last week I went to purchase eggs and they were 10.99 (during the egg crisis the whole 12-13.99), with this week dropping to \$7.99, which just last month was \$5.99...because the majority of the foods we eat or buy are shipped in with even local produce costing more than the imported items, most likely because they're not produced in the volumes of mainland producers.

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SB107

Submitted on: 2/9/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Kenneth R. Conklin, Ph.D.	Individual	Comments Only	No

Comments: Please add language to this bill to require the Elections Office to comply with the minimum wage law when setting the amount of pay for precinct elections officers who work on election day. Currently the pay is \$85 for working continuously from 5:30 AM to 7:00 PM with no time out except for bathroom breaks as needed. That works out to a wage rate of \$6.30 per hour. Some election workers -- including myself -- would probably work for free out of a sense of civic duty. However, it is grossly unethical for the State of Hawaii to demand that employers pay a minimum wage even though the State of Hawaii, as an employer, refuses to follow the law. If you legislators presume to force employers to pay a minimum wage, then you must force the state government to follow the law when it is itself the employer. Calling it an "honorarium" does not get you off the hook for obeying your own law. This is the sort of hypocrisy which gets outraged people to vote for disrupters like Trump.

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SB107

Submitted on: 2/13/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
kimberly schneider	Individual	Support	No

Comments:

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SB107

Submitted on: 2/10/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Leimomi Khan	Individual	Support	No

Comments: Increasing the minimum wage will help workers to earning a livable wage to pay for the high cost of living in Hawaii. More and more of our local people are leaving Hawaii to move to the mainland where cost of living is affordable. Too, if we don't start paying better wages for our service industry jobs, we'll soon see a shortage of applicants.

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SB107

Submitted on: 2/11/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Mike Golojuch	Individual	Support	No

Comments: I strongly support SB107. Wages need to keep up with cost of living and even at \$15.00 an hour it is a real stretch for people to find housing; pay for their food; and keep up with other monthly payments such as utilities and transportation.

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SB107

Submitted on: 2/11/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
natalie forster	Individual	Support	No

Comments: As a resident of Maui and a democrat I fully support the passing of sb107. It supports social and economic justice and gives dignity to all workers especially those in low paying service sector jobs. The cost of living in Hawaii is one of the highest in the country. The raise to \$15 an hour doesnt even come close to making a living wage in this state but it is a step in the right direction. The lack of affordable housing also amplifies the need for an increase in minimum wage. It supports valuing the work and quality of life for all people on the islands. Mahalo

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SB107

Submitted on: 2/13/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

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

Comments: Chair Keith-Agaran, Vice-Chair Rhoads and members of the committee, Please vote yes on SB107. It is the right thing to do -- Hawaii has the lowest wages in the country when you account for the cost of living. Mahalo.

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From: [Raymond Catania](#)
To: [JDLTestimony](#)
Subject: Support Bill 107
Date: Sunday, February 12, 2017 9:14:24 PM

Aloha,

My name is Raymond Catania. I am from Puhi, Kauai and reside at . In early October 2015, the Kauai Fights for \$15 Committee won a "living wage" resolution (Res. No. 2015-57) advanced by then Council member Kipukai Kualii at the Kauai County Council. It was a hard fought battle. Our committee of ordinary working people (both working and retired) leafleted and talked to many hundreds of workers in the blue collar communities of Puhi, Lihue, Kapaa, Hanamaulu, Eleele, Hanapepe, Waimea and Kekaha. Many of them supported the minimum wage of \$15 an hour and were working 2 or more jobs to support their families because of high rents and mortgages, medical care payments and utilities. Both my wife and younger daughter work 2 jobs each. I still work, even though I am retired with social security. The tourist industry is the economic engine of Kauai. In the last 5 years, there has been tremendous growth in tourism, the military's PMRF, diversified agriculture, real estate, retail and construction. And they are all doing fairly well. Since 2014, the tourist industry alone has averaged over a \$150 million in profits per year. But workers wages have been largely stagnant and have not kept up with the cost of living. Especially those in retail, restaurants and the Fast Food Industry. Unemployment is fairly low (below 4%) but so are our wages. They have not shared the wealth we have created fairly with us. I also support the Consumer Price Index (CPI) advocated by SB 107 to keep up with the cost of living after we reach \$15 an hour and eliminating the Tip Credit for Waitresses and Waiters. It is not only fair that they are paid the minimum wage like everyone else, plus are able to keep the tips that they generate. It takes great skill and patience dealing with customers and serving their meals and drinks. Their work takes a toll on their lower backs, wrists and legs. My wife and daughters have all been waitresses while working other jobs. Mahalo, Raymond Catania.
Phone

From: [Reid Higashi](#)
To: [JDLTestimony](#)
Subject: SB425 and SB107 - testimony
Date: Friday, February 10, 2017 5:04:05 PM

Senators,

Regarding senate bills SB425 and SB107, I am writing to oppose them both. The current sick leave that companies grant workers for earned time should be left to an employer to determine. The government does not need to step in and try to force these issues onto corporations. If an employee doesn't like the benefits provided by their employer, they may choose to change to a different employer who may provide better benefits. It's part of keep employers competitive amongst each other.

Minimum wage increases to \$12.25 and then \$15 is outrageous! Someone with no education is afforded a wage just because? A college graduate who invests in their education and racks up debt typically will make a little more than this. Why in the world would the minimum be raised to such a high amount? Why dilute the value of a good education, of hard work, of earning your pay? Higher minimum wages is not the solution to living in Hawaii. Invest all this money into our education system!!!! Stop harping on all the hard working teachers who teach our future in neglected dilapidated infrastructure. What a joke.

Senator Green, please stop with this non-sense of forcing higher minimum wages. You will only be raising the costs of everything else. How about looking into why prescription meds costs so much? How about look into why medical equipment is so costly? How about alleviating the responsibility of making hospitals/tax payers eat the costs of people who think the ER is a personal doctors appointment?

Thank you for your time.

Sincerely,

Reid Higashi

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Cc:
Subject: Submitted testimony for SB107 on Feb 14, 2017 09:00AM
Date: Friday, February 10, 2017 10:24:19 AM

SB107

Submitted on: 2/10/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Richard Davison	Individual	Oppose	No

Comments: SB107 I oppose this bill because I believe the higher wages will be passed on to the consumers who are having a hard time right now. Everything we buy will increase in price to cover the higher wages. Please wait until our economy is better positioned for this cost increase Thank You

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SB107

Submitted on: 2/13/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Seena Clowser	Individual	Support	No

Comments: Dear Senators, Please let us pass this bill. The minimum wage in Hawaii has long been a poverty wage. I appreciate the fairly recent increase(s). However, we need more. As a former mostly-retail worker, I believe that service jobs are important, often difficult, and not remunerative enough. Our high cost of living in the Islands would have us pay labor fairly. Mahalo for your Consideration, Seena Clowser

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SB107

Submitted on: 2/12/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Stacie Robinson	Individual	Support	No

Comments: Hawaii is a wonderful, but expensive place to live. So many of the people who make our state work, boost the economy by supporting tourism or retail businesses, work in minimum wage jobs. These low-wage workers are crucial parts of Hawaii's economy, and they deserve to make a wage that lets them live a decent life in Hawaii. Please help all workers enjoy a decent life in the aloha state by increasing the minimum wage.

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Date: Monday, February 13, 2017 7:27:22 AM

SB107

Submitted on: 2/13/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Tamara Paltin	Individual	Support	No

Comments: The cost of living is too high in Hawaii, we need a higher minimum wage just to get by and people need folks to provide valuable services. Let's treat the people who are providing the valuable service valuable.

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Date: Monday, February 13, 2017 10:44:29 AM

SB107

Submitted on: 2/13/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Tristan D Holmes	Individual	Support	No

Comments: These adjustments to the minimum wage in Hawaii are crucial to providing a livable income to all residents. While this does increase costs for many businesses, the overall economy will benefit from workers being able to provide for their own basic needs instead of needing to turn to state funded emergency services for food, health care, and shelter.

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SB107

Submitted on: 2/11/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Troy Abraham	Individual	Support	No

Comments:

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Date: Monday, February 13, 2017 7:56:54 AM

SB107

Submitted on: 2/13/2017

Testimony for JDL on Feb 14, 2017 09:00AM in Conference Room 016

Submitted By	Organization	Testifier Position	Present at Hearing
Tulsi Greenlee	Individual	Support	No

Comments:

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Hi committee,

My name is Tyler Greenhill. I am from Hawai'i Kai, HD17 and SD9. I strongly support SB107.

For almost all of my 12 years working I have received a near minimum wage, certainly below \$15/hour. With such a wage it has been impossible to pay off my student load debt, or begin to imagine moving out of my parents' house here on Oahu. I am unable to spend much beyond what is required of my monthly bills. While I now work a job with a slightly higher wage, because of graduate school I work fewer hours.

Were I for the last 12 years making a more humane wage, such as \$15/hour or better, I would have been able to make a much larger dent in my debts. Also, I would have had slightly more money to spend eating out with friends and family.

I find it inconceivable that in 2017, in a place with such an exorbitant cost of living that is part of the wealthiest nation on earth, that the minimum wage is as low as \$9.25/hr. What about the people in much more financially difficult situations, who might not have parents in Hawai'i to offer them housing? What about those working on a minimum wage who have children?

Increasing the minimum wage to \$15/hour would not only help countless people in financial and employment situations like me maybe make ends meet, but would also be a significant boon for our economy. I have too many debts to save. Thus, all money I make is quickly spent. Were I or people in my situation to have a higher wage we would spend more money, creating greater revenue for local businesses.

I urge you to support SB107, not only because it is the economically responsible thing to do, but because it is morally just.

Thank you,

Tyler Greenhill