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Committees on Labor & Public Employment and Finance
Thursday, January 30, 2020, 9 am
Hawai'i State Capitol, Room 309

Testimony in Support of HB 2541 with SUBSTANTIAL Amendments

Dear Comm. Chairs Johanson & Luke, Vice-Chairs Eli & Cullen and Comm. Members,

\$11/hour in 2021 and \$13/hour in 2024 are TOO LITTLE, TOO LATE.

The 5 year-old ALICE report, put you on notice that the minimum survival wage back in 2015 was \$14/hour. By ignoring the huge gap between the minimum wage and the actual survival wage - you let those families who live paycheck-to-paycheck continue to slip further into debt - and now we know that nearly 7,000 more human lives became homeless in 2019.

When I was on the Board of Education, I asked the Superintendent if the DOE had full-time employees who were so underpaid that their kids were eligible for free-and-reduced lunches in our school. She looked down and replied, "yes."

I was disgusted to learn that the state bargained with unions to keep working families in poverty. I am disgusted now to learn that legislative leadership has bargained with the Chamber of Commerce to continue to keep our lowest wage earners in poverty. How does it serve the state to keep full-time workers' wages so low, that they are forced to rely on government subsidies to feed their children. Likewise, how is the state served, by allowing corporations to get away with poverty wages - so their shareholders pocket more profits.

According to the 2019-2020 federal "income eligibility guidelines" for free-and-reduced lunch, if a single mom, working a full-time job, was earning \$13/hour TODAY - her two kids would still be eligible for not just reduced, but free meals at school. This is what I mean by "too little, too late".

According to the ALICE report, we should have been at \$14/hour in 2015. According to DBED, we should be at \$17/hour today. And if you continue that trajectory, we should be at \$22/hour by 2024. This is the economy many of you have had a hand in designing:

increasing tax loopholes for the rich while disproportionately burdening the poor with a higher General Excise Tax.

And to those armchair economists who promote the fear-fantasy that other costs of living will go up for these families, I can speak to you as a landlord who recognizes that rent is the the single largest expense for a most low-income families. Except for Section 8 recipients, residential rental prices do not track the income of the tenants. Rental rates are only impacted by the supply and demand of available apartments to tenants. We can bring rates down by flooding the market with affordable rentals.

As a business investor, I have looked at financial pie charts of operating expenses for restaurants and retail stores in Hawaii and compared them to similar businesses on the continent. There is a clear disparity among the relative allocation spent on rent, utilities and labor. Hawaii businesses allocate larger slices to rent/real estate and utilities and consequently lesser allocations to labor. So it is not labor that eats into the profits of Hawaii businesses, it is the rampant inflation of real estate and out of control utility rates. Labor costs in Hawaii have been kept artificially low because it has been easier for the Chamber of Commerce to scapegoat our lowest income earners - instead of calling their high maka maka friends in real estate and utilities to task.

And Zippy's has the nerve to say it cannot afford to pay all of their employees a survival wage but somehow finds the money to keep renovating the Kapahulu store and build fancier and fancier architecture and interiors across Oahu. Keep in mind, all of those architects, drafts people, planners, designers, construction workers, skilled labor - every person contracted to work on these beautiful new restaurants are paid much more than a survival wage - and most of them are men. But Zippy's likes to echo the Chamber and blame the burden of paying waitresses a living wage.

Our state's actions have consequences. Our inaction has consequences. And our half-ass actions have consequences. When you look down and see families sinking deeper as they try to dig themselves out of a 20 foot hole - its not really "helping working families" when you drop down a 10 ladder.

I urge you to amend the minimum wage increases to give our workers a fighting chance to earn survival wages: that means \$17/hour, at the very least, by 2024.

Thank you for your courage to do the right thing and really "help working families" - not just pretending you are helping, and hope no one notices.

A handwritten signature in black ink, appearing to read "Phil Cook". The signature is written in a cursive, flowing style with a long horizontal line extending to the right.

INCOME ELIGIBILITY GUIDELINES												
Effective from July 1, 2019 to June 30, 2020												
HOUSEHOLD SIZE	FEDERAL POVERTY GUIDELINES		REDUCED PRICE MEALS - 185 %				FREE MEALS - 130 %					
	ANNUAL		ANNUAL	MONTHLY	TWICE PER MONTH	EVERY TWO WEEKS	WEEKLY	ANNUAL	MONTHLY	TWICE PER MONTH	EVERY TWO WEEKS	WEEKLY
48 CONTIGUOUS STATES, DISTRICT OF COLUMBIA, GUAM, AND TERRITORIES												
1	12,490		23,107	1,926	963	889	445	16,237	1,354	677	625	313
2	16,910		31,284	2,607	1,304	1,204	602	21,983	1,832	916	846	423
3	21,330		39,461	3,289	1,645	1,518	759	27,729	2,311	1,156	1,067	534
4	25,750		47,638	3,970	1,985	1,833	917	33,475	2,790	1,395	1,288	644
5	30,170		55,815	4,652	2,326	2,147	1,074	39,221	3,269	1,635	1,509	755
6	34,590		63,992	5,333	2,667	2,462	1,231	44,967	3,748	1,874	1,730	865
7	39,010		72,169	6,015	3,008	2,776	1,388	50,713	4,227	2,114	1,951	976
8	43,430		80,346	6,696	3,348	3,091	1,546	56,459	4,705	2,353	2,172	1,086
For each add'l family member, add	4,420		8,177	682	341	315	158	5,746	479	240	221	111
ALASKA												
1	15,600		28,860	2,405	1,203	1,110	555	20,280	1,690	845	780	390
2	21,130		39,091	3,258	1,629	1,504	752	27,469	2,290	1,145	1,057	529
3	26,660		49,321	4,111	2,056	1,897	949	34,658	2,889	1,445	1,333	667
4	32,190		59,552	4,963	2,482	2,291	1,146	41,847	3,488	1,744	1,610	805
5	37,720		69,782	5,816	2,908	2,684	1,342	49,036	4,087	2,044	1,886	943
6	43,250		80,013	6,668	3,334	3,078	1,539	56,225	4,686	2,343	2,163	1,082
7	48,780		90,243	7,521	3,761	3,471	1,736	63,414	5,285	2,643	2,439	1,220
8	54,310		100,474	8,373	4,187	3,865	1,933	70,603	5,884	2,942	2,716	1,358
For each add'l family member, add	5,530		10,231	853	427	394	197	7,189	600	300	277	139
HAWAII												
1	14,380		26,603	2,217	1,109	1,024	512	18,694	1,558	779	719	360
2	19,460		36,001	3,001	1,501	1,385	693	25,298	2,109	1,055	973	487
3	24,540		45,399	3,784	1,892	1,747	874	31,902	2,659	1,330	1,227	614
4	29,620		54,797	4,567	2,284	2,108	1,054	38,506	3,209	1,605	1,481	741
5	34,700		64,195	5,350	2,675	2,470	1,235	45,110	3,760	1,880	1,735	868
6	39,780		73,593	6,133	3,067	2,831	1,416	51,714	4,310	2,155	1,989	995
7	44,860		82,991	6,916	3,458	3,192	1,596	58,318	4,860	2,430	2,243	1,122
8	49,940		92,389	7,700	3,850	3,554	1,777	64,922	5,411	2,706	2,497	1,249
For each add'l family member, add	5,060		9,398	784	392	362	181	6,604	551	276	254	127