

THE EFFECTS OF BOOSTING HAWAI'I'S MINIMUM WAGE

APRIL 2019



HAWAI'I APPLESEED
CENTER FOR LAW & ECONOMIC JUSTICE

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RAISING THE MINIMUM WAGE TO \$17 by 2024 would give 269,000 Hawai'i workers a pay increase. This means that, in 2024, about four in 10 Hawai'i workers would earn roughly \$4,356 more each year than they do today. This raise would especially help working women and parents in low- to middle-income households, helping to keep them and their families out of poverty and homelessness.

By 2024, Hawai'i's minimum and near-minimum wage workers would receive a total of over \$1.3 billion in additional wages. Not only would such a pay increase help to improve the living standards of affected Hawai'i workers, it but would also strengthen local businesses, as low-wage workers plow almost every additional dollar of earnings back into the local economy.

Decades of research has shown that past minimum wage increases have achieved their intended effects: raising pay for low-wage workers with little to no negative impact on employment. Moreover, studies that have looked beyond the narrow question of employment impacts has found clear, meaningful benefits from higher minimum wages to low-wage workers, their families, and their broader communities and economies.

KEY FACTS

- The majority of affected workers would be women (55.7 percent).
- Close to half of women working in Hawai'i would be affected (47.8 percent).
- 46.4 percent of Native Hawaiian workers, and 64.3 percent of Pacific Islander workers, would be affected by the minimum wage increase.
- Over a quarter (28.7 percent) of affected workers would be parents. Over half (52.9 percent) of single parents would be affected.
- Only 4.5 percent of directly or indirectly affected workers would be teenagers. Over three in four (78.3 percent) of affected workers would be age 25 or older.
- Over half (51.1 percent) of affected workers have at least some college education.
- Nearly two-thirds (65.8 percent) of retail workers, and over four in five (80.6 percent) restaurant and food service workers would be affected.



Hawai'i has the highest cost of living of all the states.ⁱ When that is factored in, Hawai'i has the lowest average wage in the nation. While a law was passed to increase the minimum wage in 2014, our state's minimum wage topped out at \$10.10 an hour—or \$21,000 a year for full-time work—in January 2018.

Since Hawai'i's minimum wage does not have an automatic cost-of-living adjustment—unlike 17 other states and the District of Columbia—the minimum wage has been losing ground to inflation for over a year, and will continue to fall, if our lawmakers don't act to change it.

High housing costs in Hawai'i are a major factor driving the high cost of living. To afford a one-bedroom rental home, a Hawai'i worker would have needed to earn \$27.44 per hour in 2018.ⁱⁱ In other words, a current Hawai'i minimum wage earner would need to work 109 hours per week—equivalent to over 15 hours a day with no days off—to rent that one-bedroom home.

Other states have increased their minimum wages to help ensure that workers can afford to house and feed their families. Currently 10 states and the District of Columbia have minimum wages higher than in Hawai'i. California, New York, Massachusetts, the District of Columbia, New Jersey, Illinois, and Maryland have all passed laws to increase their minimum wage to \$15 per hour, while their costs of living are all lower than in Hawai'i.

How much do people need to make ends meet in Hawai'i? Our Department of Business, Economic Development, and Tourism (DBEDT) found that a “self-sufficiency income” for a single worker with no children in Hawai'i was \$15.84 an hour in 2016ⁱⁱⁱ—which comes out to about \$17 per hour in 2019, after adjusting for inflation.

The Economic Policy Institute (EPI) has a “family budget calculator” that measures “the income a family needs in order to attain a modest yet adequate standard of living.”^{iv} A single person with no children in Honolulu County needed \$24.78 per hour in 2017 according to that calculator, or \$25.86 an hour in 2019.

The Institute for Women's Policy Research (IWPR) has estimated the annual income needed for basic economic security in 2018.^v They find that a single working adult without keiki, and with health benefits, needed to earn \$21.85 per hour, or \$22.35 in 2019 in Hawai'i. Without benefits, that individual needed \$25.22 per hour, or \$25.80 in 2019.

With Hawai'i household incomes failing to keep up with our highest-in-the-nation cost of living, it is not surprising that recent local studies have found that close to half of Hawai'i families are living paycheck-to-paycheck^{vi} and struggling with incomes below a minimum survival budget.^{vii}

i Bureau of Economic Analysis. See <https://www.bea.gov/data/prices-inflation/regional-price-parities-state-and-metro-area>

ii National Low Income Housing Coalition. See <https://nlihc.org/oor/hawaii>

iii Department of Business, Economic Development and Tourism. See http://dbedt.hawaii.gov/economic/reports_studies/self-sufficiency-income-study/

iv Economic Policy Institute. See <https://www.epi.org/resources/budget/>

v Institute for Women's Policy Research. See <https://iwpr.org/publications/best-us-2018/>

vi Hawai'i Appleseed Center for Law & Economic Justice. See <https://hiappleseed.org/publications/struggling-make-ends-meet-need-working-family-credit/>

vii Aloha United Way. See <https://www.auw.org/alice>