

Fair Pay for Women in Hawaii Requires Increasing the Minimum Wage and the Tipped Minimum Wage

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*Tens of thousands of workers in Hawaii, disproportionately women and people of color, would benefit from raising Hawaii's minimum wage.¹ Increasing the minimum wage from \$7.25 to \$9.25 per hour would give more than 41,000 women in Hawaii a raise² – and maintaining a strong tipped minimum cash wage would ensure that restaurant servers and other tipped workers, who are also predominantly women, fully benefit from a wage increase. **Raising the minimum wage and the tipped minimum wage are key steps toward fair pay for women in Hawaii.***

It's time to give hardworking women in Hawaii a raise.

- Women earning the minimum wage or less provide important services in Hawaii – caring for children and elders, cleaning hotels and offices, and waiting tables. But a woman working full time, year round in Hawaii at the current minimum wage of \$7.25 per hour will earn just \$14,500 annually.³ That's nearly \$4,000 below the federal poverty line for a mother with two children,⁴ in a state with one of the highest costs of living in the country.
- The minimum cash wage for tipped workers in Hawaii is \$7.00 per hour – far better than the federal tipped minimum cash wage of \$2.13 per hour, but still inadequate for many women trying to lift their families out of poverty. Nationwide, women represent nearly two-thirds of workers in tipped occupations⁵ and about 70 percent of restaurant servers.⁶

Raising the minimum wage and the tipped minimum wage would promote fair pay for women in Hawaii.

- Women represent nearly 56 percent of Hawaii workers who would benefit from raising the minimum wage to \$9.25 per hour.⁷

- Increasing Hawaii's minimum wage to \$9.25 per hour would raise annual earnings to \$18,500, an increase of \$4,000 per year.⁸ This boost would lift a woman with two children just above the federal poverty line,⁹ though her income would still fall far short of the level necessary for a family of three – or even a single individual – to be self-sufficient in Hawaii.¹⁰
- Maintaining Hawaii's strong protections for tipped workers is essential to ensure that they share in the full benefit of a minimum wage increase. Currently, Hawaii requires employers to pay their tipped employees no less than 25 cents below the regular minimum wage, and an employer may only take this 25-cent tip credit if the employee's total pay (with tips) is at least 50 cents above the regular minimum wage. This policy should continue to apply with a \$9.25 minimum wage.
- Higher pay for thousands of Hawaii women could help close the state's gender wage gap.¹¹ In 2011, Hawaii women working full time, year round were paid 82 cents for every dollar paid to their male counterparts.¹² This gap is narrower than the national average,¹³ which may be due in part to the higher wages paid to tipped workers in Hawaii relative to other states. Continuing to limit the state's tip credit to 25 cents while raising the minimum wage to \$9.25 per hour would support further progress toward fair pay for women in Hawaii.



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HAWAII STATE MINIMUM WAGE FACT SHEET

- 1 Unpublished Economic Policy Institute (EPI) estimates.
- 2 Ibid. Includes workers who are directly and indirectly affected.
- 3 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$7.25 per hour.
- 4 U.S. Census Bureau, Poverty Thresholds for 2012, <http://www.census.gov/hhes/www/poverty/data/threshld/> (last visited Apr. 17, 2013).
- 5 NWLC calculations based on U.S. Dep't of Labor, Bureau of Labor Statistics, Current Population Survey, Table 11 <http://www.bls.gov/cps/cpsaat11.pdf> (last visited March 1, 2013).
- 6 Restaurant Opportunities Ctr. United, Tipped Over the Edge, at 1 (Feb. 2012), available at <http://rocunited.org/tipped-over-the-edge-gender-inequity-in-the-restaurant-industry/>.
- 7 Unpublished EPI estimates.
- 8 NWLC calculation assuming 40 hours per week, 50 weeks per year at \$9.25 per hour.
- 9 U.S. Census Bureau, *supra* note 4. The 2012 federal poverty threshold for an adult with two children is \$18,498.
- 10 Hawaii Dep't of Business, Economic Development & Tourism, Self-Sufficiency Income Standard: Estimates for Hawaii 2011, at 5 (Dec. 2012), available at http://hawaii.gov/dbedt/info/economic/data_reports/reports-studies/2012-self-sufficiency.pdf.
- 11 Under most circumstances a higher minimum wage would narrow the wage distribution, effectively narrowing the wage gap. Nicole M. Fortin & Thomas Lemieux, Institutional Changes and Rising Inequality, *Journal of Economic Perspectives*, Spring 1997, 75-96 at 78, available at <http://www.econ.ucdavis.edu/faculty/mepage/econ151b/Fortin%20and%20Lemieux.pdf>. See also Francine D. Blau & Lawrence M. Kahn, Swimming Upstream, *Journal of Labor Economics*, Jan. 1997, 1-42 at 28, available at http://aysps.gsu.edu/isp/files/ISP_SUMMER_SCHOOL_2008_CURRIE_Swimming_Upstream.pdf.
- 12 See NWLC, The Wage Gap, State by State, <http://www.nwlc.org/wage-gap-state-state> (last visited Apr. 18, 2013).
- 13 Ibid.