

Highway Inn

— *Since 1947* —

HAWAIIAN FOOD

“A Taste of Old Hawai‘i”

**IMPACT OF THE
\$15 MINIMUM WAGE PROPOSAL**

CURRENT WAGE SITUATION

HIGHWAY INN WAITSTAFF EARN:

- Minimum wage PLUS \$25-\$35/hr. in tips
- Average annual earnings are ~\$50,000 (fulltime employed)

HIGHWAY INN BACK-OF-HOUSE (BOH) STAFF EARN:

- Above minimum wage: \$15/hr. (or more)

TO COMPENSATE BOH STAFF FAIRLY, if minimum wage increases, BOH wage (already above minimum) will need to rise, which is unsustainable for business without raising prices

CURRENT WAGE SITUATION

HAWAII HAS A DISPROPORTIONATE NUMBER OF WAITSTAFF/TIPPED EMPLOYEE POSITIONS (compared to other states)

- National changes affecting tipped employees are magnified locally

HAWAII HAS THE LOWEST NON-ZERO TIP CREDIT IN THE NATION

- At 75¢, Hawaii's tip credit is effectively zero

TIP POOLING IS ILLEGAL

- Dividing tips between front-of-house and BOH staff for more equitable compensation is not permitted by law

CURRENT WAGE SITUATION

IGE ADMINISTRATION'S PROPOSED MINIMUM WAGE HIKE: \$15/HR. (FROM \$10.10)

- No meaningful decrease in wage gap between waitstaff and BOH staff at establishments already paying BOH > minimum, if employers increase BOH wages at same proportion
- Establishments that choose to pay BOH only minimum wage (no additional raise) see a dramatic increase in wage gap

TO COMPENSATE BOH STAFF FAIRLY, if minimum wage increases, BOH wage will need to rise substantially above minimum, which is unsustainable for business without raising prices

THE WAGE GAP (CURRENT MINIMUM WAGE)

WAITSTAFF



BOH STAFF
(Highway Inn)



BOH STAFF
(minimum wage)



THE WAGE GAP (PROPOSED MINIMUM WAGE)

WAITSTAFF



BOH STAFF
(Highway Inn)



BOH STAFF
(minimum wage)



CONSEQUENCES



THE TIP CREDIT

Governor Ige wants to increase minimum wage from \$10.10 to \$15
WITHOUT modifying the tip credit

- Without changes to the tip credit or reinstating tip pooling, restaurants can only even out wages by increasing menu prices

HIGHWAY INN TIP CREDIT PROPOSAL

- Change tip credit from flat 75¢ to 50% of minimum wage*
- Amount of tip credit from waitstaff salary is applied to BOH salary
- Allows more equitable balance, regardless of changes to minimum wage

*Applicable to workers who make two to three times more in tips than salary

WAGE GAP UNDER TIP CREDIT PROPOSAL

WAITSTAFF



BOH STAFF
(Highway Inn)



BOH STAFF
(minimum wage)



5% KITCHEN APPRECIATION CHARGE

- Between 2015 and 2018, the Dept. of Labor ruled tip pooling illegal AND minimum wage rose from \$7.25 and \$10.10
- Highway Inn enacted a 5% Kitchen Appreciation Charge to compensate
- END RESULT: Waitstaff and BOH staff end up with same respective amounts in compensation as pre-charge days

5% KITCHEN APPRECIATION CHARGE

BEFORE



NOW

