

**STATE OF HAWAII**  
**DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**  
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February 22, 2018

To: The Honorable Sylvia Luke, Chair,  
The Honorable Ty J.K. Cullen, Vice Chair, and  
Members of the House Committee on Finance

Date: Thursday, February 22, 2018  
Time: 1:30 a.m.  
Place: Conference Room 308, State Capitol

From: Leonard Hoshijo, Director  
Department of Labor and Industrial Relations (DLIR)

**Re: H.B. 1627 H.D.1 RELATING TO THE MINIMUM WAGE**

**I. OVERVIEW OF PROPOSED LEGISLATION**

This proposal amends section 387-9, Hawaii Revised Statutes (HRS), by repealing the provision for individuals whose earning capacity is impaired by old age or physical or mental deficiency or injury to be employed at less than minimum wage.

HD1 amended the measure by allowing employers of persons with intellectual disabilities to apply for certificates of sub-minimum wage.

DLIR provides comments on this measure and suggests a minor, housekeeping amendment.

**II. CURRENT LAW**

Section 387-9, HRS, allows both persons impaired by old age or physical or mental deficiency or injury and clients with intellectual disabilities, the latter at sheltered workshops, to be employed under special certificates issued by the Director at wages lower than the minimum wage for a period stated in the special certificates.

**III. COMMENTS ON THE HOUSE BILL**

Currently, there are seven sheltered workshops statewide with an active special certificate permitting the payment of wages lower than the statutory minimum wage to

clients with intellectual disabilities. These sheltered workshops collectively employ approximately 75 individuals.

Prior to issuing a special certificate to the sheltered workshop, DLIR reviews the employer's time records, payroll records, and time study information to determine whether the employer is complying with wage laws and certifying the proposed wages are commensurate with that person's productivity.

Generally, a special certificate is valid for one year and a renewal application is filed annually. The process is authorized by administrative rules first passed in 1959, in subchapter 3 linked here reference. [http://labor.hawaii.gov/wsd/files/2016/02/HAR-12-20-61-to-80\\_3-Handicapped-Clients-in-Sheltered-Workshops-Internet-rev01-15.pdf](http://labor.hawaii.gov/wsd/files/2016/02/HAR-12-20-61-to-80_3-Handicapped-Clients-in-Sheltered-Workshops-Internet-rev01-15.pdf)

DLIR suggests amending the section title by striking "handicapped" and inserting "disabled."

**HB-1627-HD-1**

Submitted on: 2/20/2018 6:54:26 PM

Testimony for FIN on 2/22/2018 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Louis Erteschik	Hawaii Disability Rights Center	Comments	Yes

Comments:

This HD1 version appears to amend current law to merely address some outdated language and replace it with the term “intellectual disabilities.” We believe that was the suggestion of the Department of Labor. We have no firm position on this other than to say that we have no way of knowing if that would encompass all the individuals with disabilities that might be currently impacted, since obviously not all disabilities are intellectual disabilities.

Since the Committee Report from the Committee on Labor and Public Employment specifically asked the Committee on Finance to consider our comments that were expressed regarding the original bill we will respectfully reiterate them.

The original version of HB 1627 sought to eliminate the concept of the sub minimum wage. We certainly support that as an ultimate goal. There are a lot of preconceived notions about individuals with disabilities and so people often assume they are less capable than they are. Not so long ago people thought they could not live outside of institutions and now they do, very successfully here in Hawaii. Employment is the next frontier of community integration and if we can overcome the old assumptions, more and more people will be integrated into the work environment, just as they are now integrated in their housing. Employing people with disabilities at a competitive wage is a high national and local priority. We do have some concerns though that the Committee should consider. Despite the best intentions and efforts of everyone, there may well be some individuals with disabilities who are not capable of full competitive employment. That is just a fact and while it may not be the politically correct thing for a disability rights organization to state it nonetheless is the truth.

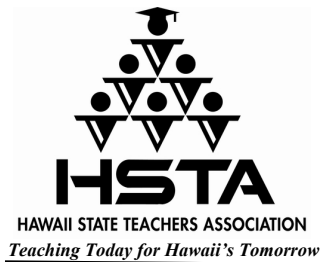
So, the question then is “what happens to these people”. Under current law there are some limited situations where an employer is permitted to pay an individual with a disability a sub minimum wage. In Hawaii we believe there are approximately 75 people who fit this category. The trend nationally and locally is clearly to phase out “these sheltered workshops” and that is a good thing certainly. People with disabilities are entitled to earn a fair day’s pay for a day’s work as anyone should. However, in some cases what will simply happen if the sub minimum wage is eliminated is that these people will not be employed at all. Is that a good policy to enact? Not necessarily. For some of these people, this “job” is the lifeline to their sense of self-worth and to their

social connection to the community. Eliminating that serves no useful purpose and could have the effect of leaving these people with few alternatives. Is it better for them to attend an adult day health program? Is it better for them to stay home all day? Clearly the goal should be to transition them to competitive employment. But if that is not feasible, we believe that there needs to be a full continuum of options available.

What we see as the more serious problem is the way the current system operates. Employers are required to conduct productivity studies to demonstrate that an individual with a disability is "less productive" in order to pay them the lower wages. In our experiences we have investigated abuses of the system and what we have seen is that the employers do not fairly rate the ability of the workers and so that is why they are being paid lower wages. The problem is compounded because the government overseers often lack the resources to independently analyze the accuracy or veracity of the employer ratings and that too is a major cause of the lower wages being paid. We believe that if there was better enforcement of the employers and the ratings that they submit, then the "exploitation" would be substantially reduced.

We are also concerned about the lack of appropriate services available in Hawaii. We do not want to see people staying home and watching TV as the alternative to their current placement in a sub minimum wage facility. The agencies that are supposed to assist them with employment do not always do so. For example, we have a dysfunctional Division of Vocational Rehabilitation and no new people are getting services. They recently entered into an Order of Selection so right now nobody is getting VR services unless they have an existing IPE. Even for those with an IPE we recently had several situations where VR told these clients they were "out of money" and would not receive services. Mismanagement over there has been the norm for years. We also have a DD system that has been getting increasingly restrictive in its eligibility criteria as people who should be receiving DD services are being told they are too high functioning. In theory those who are higher functioning should be good candidates for employment but without VR services or supported employment services it makes it much harder.

In sum, if the legislature truly wants to encourage the competitive employment of people with disabilities we believe the answer is not necessarily to eliminate the sub minimum wage but to provide more resources and oversight of the Division of Vocational Rehabilitation and the Developmental Disabilities Division so that they will serve individuals with disabilities in the manner they were intended to.



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Justin Hughey  
Vice President  
Amy Perruso  
Secretary-Treasurer  
Wilbert Holck  
Executive Director

TESTIMONY BEFORE THE HOUSE COMMITTEE ON  
FINANCE

RE: HB 1627, HD 1 – RELATING TO THE MINIMUM WAGE

THURSDAY, FEBRUARY 22, 2018

COREY ROSENLEE, PRESIDENT  
HAWAII STATE TEACHERS ASSOCIATION

Chair Luke and Members of the Committee:

The Hawaii State Teachers Association **supports HB 1627, HD 1**, relating to the minimum wage.

Hawai'i residents face the highest housing costs in the nation, at more than twice the national average. Minimum wage workers in the islands must complete 116 hours of work per week to afford a modest one-bedroom apartment at fair market value and 139 hours per week to afford a two-bedroom, which amounts to working 20 hours a day with no days off all year. That's impossible for anyone, especially for individuals with disabilities.

It is unacceptable, then, that we allow disabled individuals to be paid a subminimum wage. Many of these individuals were once special education students, who were guaranteed a free and appropriate education under the Individuals with Disabilities Education Act and promised a life filled with opportunities to realize their full potential. Yet, written in 1938, the Fair Labor Standards Act (FLSA) discriminates against people with disabilities by permitting employers to pay disabled workers less than the federal minimum wage. This provision is echoed in HRS §387-9, but is based on the mistaken idea that disabled employees are less productive than their able-bodied colleagues. Many employment programs have come about since the mid-20<sup>th</sup> Century to assist people with disabilities in acquiring and using essential job skills.

A subminimum wage disrespects the contributions of disabled workers. Research shows that the subminimum wage model costs more, while inspiring lower rates of productivity. After more than seventy-five years of demonstrated failure, it is time to invest in more effective models of employment that are successful at advancing the workplace prospects of disabled individuals who were previously—and egregiously—thought to be unemployable.

To ensure that our special needs children receive equal economic opportunities upon entering the workforce, the Hawaii State Teachers Association asks your committee to **support** this bill.



46-063 Emepela Pl. #U101 Kaneohe, HI 96744 · (808) 679-7454 · Kris Coffield · Co-founder/Executive Director

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**TESTIMONY FOR HOUSE BILL 1627, HOUSE DRAFT 1, RELATING TO THE  
MINIMUM WAGE**

**House Committee on Finance  
Hon. Sylvia Luke, Chair  
Hon. Ty J.K. Cullen, Vice Chair**

**Thursday, February 22, 2018, 1:30 PM  
State Capitol, Conference Room 308**

Honorable Chair Luke and committee members:

I am Kris Coffield, representing IMUAlliance, a nonpartisan political advocacy organization that currently boasts over 400 members. On behalf of our members, we offer this testimony in support of House Bill 1627, HD 1, relating to minimum wage.

Hawai'i residents face the highest housing costs in the nation, at more than twice the national average. Researchers who authored the National Low Income Housing Coalition's *Out of Reach 2017* report found that a full-time worker would need to earn \$35.20/hour to afford a two-bedroom apartment at fair market value in our state, with Honolulu experiencing a 67 percent increase in fair market rent between 2005 and 2015. Average rent for a two-bedroom unit surpassed \$2,000 in recent years, with **minimum wage workers needing to log 116 hours per week to afford a modest one-bedroom apartment at fair market value and 139 hours per week to afford a two-bedroom**—a number that is equivalent to working 20 hours a day with no days off year-round. In the past three years alone, Honolulu rent has increased by more than 25 percent. While 43 percent of Hawai'i residents are renters (a number that does not include individuals and families renting outside of the regulated rental market), they earn an average wage of \$15.64/hour, over \$8.00 less than the minimum housing wage for the islands and scarcely enough to meet their basic needs, forcing them to take second and third jobs that, quite frequently, pay minimum wage. One out of every four households in Hawai'i report that they are “doubling up” or are three paychecks or less away from being homeless, per the Hawai'i Appleseed Center for Law and Economic Justice. Additionally, 54 percent of households are cost-burdened, meaning that they pay more than 30 percent of their income for housing costs, a number that rises to 83 percent of extremely low-income households. Homelessness is directly tied to our state's exorbitant cost of living and penchant for catering to people who use the islands as their own private Monopoly

board. We beseech you to seek innovative ways of making Hawai'i more affordable for our economically disadvantaged neighbors and hardworking families, who are, far too often, the same slice of our state's population.

Our state's cost of housing has skyrocketed over the last decade, leaving many families searching for affordable alternatives, in shelters, or on the streets. For context, the median price of condominiums on O'ahu increased 6 percent in the summer of 2017 to a record \$425,000, while the median price for single-family homes increased by 3 percent to \$795,000, according to the Honolulu Board of Realtors, a number that they expect to increase by at least another 5 percent in 2018. Average fair market rent for two-bedroom apartments in *outlying* communities in the City and County of Honolulu now exceeds \$2,700, with the cost of a four-bedroom home in urban Honolulu now exceeding \$1.1 million. At least 43 percent of residences in Hawai'i are owner unoccupied, according to the National Low-Income Housing Coalition, meaning that nearly 50 percent—and by some estimates well over half—of Hawai'i's homes are likely investment properties. Many of those properties, in turn, are owned by mainland and foreign buyers, whose real estate market speculation is a prime driver of Hawai'i's highest-in-the-nation cost of housing. According to a study released in May of 2016 by the Hawai'i Department of Business, Economic Development, and Tourism, there are “clear distinctions” between the average price of homes bought by local residents, mainlanders, and foreigners. Analyzing purchases made between 2008 and 2015, DBEDT found: “The average sale price was highest among foreign buyers. The average sale price of the total of 5,775 homes sold to foreign buyers from 2008 to 2015 was \$786,186, 28.3 percent higher than the average sale price to the mainlanders (\$612,770) and 64.7 percent higher than the average sale price to local buyers (\$477,460).”

**It is unconscionable that state and federal laws include a loophole allowing disabled individuals to be paid less than the minimum wage.** Current labor laws unjustly prohibit workers with disabilities from reaching their full vocational and socioeconomic potential. Written in 1938, Section 14(c) of the Fair Labor Standards Act (FLSA) discriminates against people with disabilities by empowering the Secretary of Labor to grant Special Wage Certificates to employers, permitting them to pay disabled workers less than the federal minimum wage. This provision, mirrored in Hawai'i Revised Statutes §387-9, is based on the immoral assumption that disabled employees are less productive than their able-bodied coworkers. Successful employment models have emerged in the last seventy-five years to assist people with significant disabilities in acquiring the job skills needed for competitive work, giving lie to the theoretical framework for paying disabled employees a subminimum wage.

The subminimum wage model is an affront to the economic contributions of disabled workers. Data shows that less than 5 percent of the 400,000 workers with disabilities in segregated subminimum wage workshops will transition into competitive integrated work. Moreover, research shows that the subminimum wage model costs more, while promoting less productivity. In fact, workers paid a subminimum wage often must unlearn the habits they acquire in such



workshops in order to obtain and carry out meaningful employment, which they repeatedly prove able to do. It is poor policy to reward failed programs with wage exemptions. After more than seven decades of the abhorrent subminimum wage practice, it is time to invest in proven, effective job models for disabled workers—such as “supported” or “customized” employment—that successfully advance positive, competitive, and integrated employment outcomes for individuals once deemed to be unemployable. Disabled workers deserve to be paid what they’ve earned, not discriminated against and cast into financial hardship.

Mahalo for the opportunity to testify in support of this bill.

Sincerely,  
Kris Coffield  
*Executive Director*  
IMUAlliance

House Committee on Finance  
Thursday, February 21<sup>st</sup>, 2018  
1:30PM, Room 308

Attention: Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair

Re: Strong Support for HB1627 Relating to the Minimum Wage

The Labor Caucus of the Democratic Party of Hawai'i strongly supports passage of HB1627. HB1627 aims to end the practice of paying people with disabilities less than the minimum wage. Paying people at a wage lower than the minimum wage undermines the intention of the minimum wage and paying people less because of a disability or impairment is blatantly discriminatory and runs counter to the principle of equal pay for equal work. For these reasons the Labor Caucus of the Democratic Part of Hawai'i urges passage.



Randy Perreira  
President

# HAWAII STATE AFL-CIO

345 Queen Street, Suite 500 • Honolulu, Hawaii 96813

Telephone: (808) 597-1441  
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The Twenty-Ninth Legislature, State of Hawaii  
Hawaii State House of Representatives  
Committee on Finance

Testimony by  
Hawaii State AFL-CIO

February 22, 2018

H.B. 1627, H.D.1 – RELATING  
TO THE MINIMUM WAGE

The Hawaii State AFL-CIO supports H.B. 1627, H.D.1 which clarifies exemption authorizing compensation of persons with intellectual disabilities at less than minimum wage.

The Hawaii State AFL-CIO recognizes some workers could potentially be paid below the minimum wage under certain circumstances. Often times, this can be very emotional and challenging for the employee and employer and as a result, we hope that a solution can be developed that helps level the playing field for all workers while taking into account everyone's perspective.

Thank you for the opportunity to testify.

Respectfully submitted,

Randy Perreira  
President



February 21, 2018

TIM VANDEVEER  
Chair

MARGARET WILLE  
SCC Legislative Committee Chair

To: House Members on the Committee on Finance  
Rep. Sylvia Luke, Chair  
Rep. Ty J.K. Cullen, Vice Chair

**Support for HB 1627 HD1 with Request for Amendments  
Submitted On Behalf of the Democratic Party of Hawai'i**

Aloha FIN Committee Members-

The DPH supports HB 1627 HD1, but respectfully requests that it be amended to make it stronger and more effective at achieving its goal. A very similar bill, House Bill 1721, demonstrates what HB 1627 should do.

Please amend Section 387-9, Hawaii Revised Statutes, to strike out all mention of people with disabilities, which includes striking Subsection (2). Please also amend Section 103D-1001, Hawaii Revised Statutes, by amending the definition of "qualified community rehabilitation program" to truly finish the job of ending the payment of subminimum wages to workers with disabilities in Hawaii. Making these amendments to HB 1627 HD1 to mirror HB 1721 would make the bill much stronger and help to achieve these goals.

We urge you to pass House Bill 1627, House Draft 1, with the appropriate amendments to end the payment of subminimum wages to workers with all types of disabilities.

Respectfully submitted,

Tim Vandever  
Chair of the Democratic Party of Hawai'i

/s/ Margaret Wille  
SCC Legislative Committee Chair



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## Progressive Democrats of Hawai'i

<http://pd-hawaii.com>

1418 Mokuna Pl, HON HI 96816

email: [info@pd-hawaii.com](mailto:info@pd-hawaii.com)

February 20, 2018

To: House Committee on Finance  
Rep. Sylvia Luke, Chair  
Rep. Ty J.K. Cullen, Vice Chair

Re: HB 1627, HD 1 – Minimum Wage for Disabled Persons

Hearing: Thursday, February 22, 2018, 1:30 p.m., Room 308

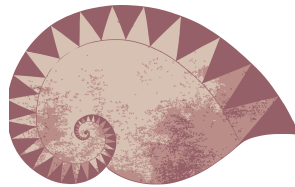
Position: Support with Amendments

Members of the Progressive Democrats of Hawai'i were astonished to learn last year that Hawai'i and many other states tolerate a paternalistic policy in which persons with disabilities are employed at sub-minimum wages that are not "livable" wages and are certainly intolerable in this society and in our present economy. This situation must stop and HRS Section 387-9 must be appropriately amended.

We believe that all of subsection (a)(2) of HRS Section 387-9 should be deleted. This would eliminate the authority of the Director of DLIR to establish by rule a sub-minimum wage for any of the categories listed in subsection (2).

Thank you very much for the opportunity to testify on this important matter for the disabled and elderly.

Alan B. Burdick, co-chair  
Progressive Democrats of Hawai'i  
[Burdick808@gmail.com](mailto:Burdick808@gmail.com) / 486-1018



Pono Hawai'i Initiative

Josh Frost - President • Kau'i Pratt-Aquino - Secretary • Patrick Shea - Treasurer  
Kristin Hamada • Nelson Ho • Summer Starr

Thursday, February 22, 2018

Relating to House Bill 1627 HD1  
Testifying in Support

Aloha, Chair Luke, Vice-Chair Cullen, and Members of the House Committee on Finance,

The Pono Hawai'i Initiative (PHI) **supports HB1627 HD1 Relating to the Minimum Wage**, which clarifies the exemption authorizing compensation of persons with intellectual disabilities.

While PHI supports this bill, we urge the committee to amend it so that it mirrors language in HB1721 so that the language is stronger and inclusive of everyone who is disabled.

PHI believes all labor performed by workers should be valued with at least a basic minimum wage. This includes those individuals and employees who may have any kind of mental or physical impairment.

It is laudable that there are employers who provide opportunities for impaired individuals who may not otherwise find jobs of any kind and we congratulate those employers. PHI understands the difficulty presented to those employers by this bill, however we also believe workers should be treated with respect, by their employers and by the law. This includes ensuring they are entitled to the same minimum wage as any other employee.

Wage or other kinds of discrimination on the basis of impairment is not OK and we urge passage of this bill, with our recommended amendments.

Mahalo for the opportunity to testify,  
Gary Hooser  
Executive Director  
Pono Hawai'i Initiative, an organization member of the Common Good Coalition



Live the life you want.

## SUPPORT HB 1627 HD 1 – AMENDMENTS REQUESTED

COMMITTEE ON FINANCE  
Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair

Thursday, February 22, 2018  
1:30 PM  
Conference Room 308  
State Capitol  
415 South Beretania Street

To the House Committee on Finance:

I urge you to pass House Bill 1627, House Draft 1, with the appropriate amendments to end the payment of subminimum wages to workers with ALL TYPES OF DISABILITIES.

I support this bill but respectfully request that you amend it to make it stronger and more effective at achieving its goal. A very similar bill, House Bill 1721, demonstrates what HB 1627 should do. Please amend Section 387-9, Hawaii Revised Statutes, to strike out all mention of people with disabilities, which includes striking Subsection (2). Please also amend Section 103D-1001, Hawaii Revised Statutes, by amending the definition of “qualified community rehabilitation program” to truly finish the job of ending the payment of subminimum wages to workers with disabilities in Hawaii. Making these amendments to mirror HB 1721 would make HB 1627 HD 1 so much stronger.

Mahalo nui loa,

Gloria I. Tuuao  
87-140 Kahau St.  
Nanakuli, HI 96792  
Vice President  
Hawaii Association of Blind Students and Recent Graduates  
A Division of the National Federation of the Blind of Hawaii



*Live the life you want.*

SUPPORT HB 1627 HD 1  
AMENDMENTS REQUESTED

Thursday, February 22, 2018  
1:30 PM  
Conference Room 308  
State Capitol  
415 South Beretania Street

COMMITTEE ON FINANCE  
Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair

To the House Committee on Finance:

Mahalo for taking the time to hear this bill, which addresses one of the most pressing civil rights issues of today in Hawaii. In our state, people with disabilities do not currently receive the protection of minimum wage laws, and I respectfully request that exemptions allowing employers to pay us subminimum wages be eliminated.

Employers who exploit people with disabilities by paying them subminimum wages will argue that their employees are simply not productive enough to be worthy of the minimum wage. They assume that workers with disabilities are inherently less productive, and then everything that happens thereafter is contaminated by low expectations.

In a sheltered workshop, people with disabilities are essentially guaranteed employment, but they are not guaranteed minimum wage. It is supposed to be training, but people almost never transition out of subminimum-wage work environments. Federal reports demonstrate that, out of all of the employees who begin working in these work environments, only 5 percent of them ever reach the point of earning a minimum wage. This 95 percent failure rate is frequently blamed on the employees' disabilities, but properly trained rehabilitation professionals know that it is a product of low expectations and lack of proper interventions.

These sweatshops claim that they pay people according to productivity, but they do not. Sheltered workshop wages are forecasted by a speed test every six months. The productivity assessment is forward-looking rather than backward-looking. In a job where people are truly paid according to productivity, their pay for a given day is based on how productive they were that day, not on an arbitrary speed test that was performed six months beforehand.



The sheltered workshop system takes people and systematically tells them that they're not as good as the rest of the workforce. The workshops claim that they are focused on the individual, but civil rights must apply to all individuals. Some of the sweatshops argue that the jobs are not primarily for pay, that they are primarily for fulfillment and feelings of importance in the world. It is not difficult in one of these sweatshops to keep a person believing that he or she is not good enough to reach for a competitive job.

These tax-exempt non-profits collect charitable donations, and they present themselves as doing good work, but they are not required to do right by their employees. They can eat up government contracts and grants while disability benefits pay the employees' real costs of living. This allows the employees to stay on disability benefits for the rest of their lives while the sweatshops do not have to pay real wages. There is no incentive to innovate and compete. They say they're market-driven and that they must increase their bottom line in order to be around for the next day, but they are not innovating. The sweatshops for the disabled have no incentive to pay their workers a minimum wage, and they have no incentive to make their workers more productive. They profit immensely from keeping workers unproductive, and they have financial incentives to keep them in the sweatshops. Lazear, a Stanford economist and the father of personnel economics, teaches us that, in order to be most effective, a productivity incentive must be given to the highest levels of management because management creates the environment where productivity happens. These sweatshops demonstrate exactly why he is right.

Nobody is going to be thrown out on the street because this bill passes unless it is a political stunt by the sweatshops to attempt to protect their exploitation interests on the mainland. If people with disabilities want a day program where they can go enjoy themselves, those already exist. If a person wants to go to a sheltered workshop and volunteer, they have every ability to do that. If a person with a disability wants to do an internship with or without a stipend, they can still do that. If a person is going to work for pay, that person should be paid without regard to his or her disability.

Our state has declared itself to be an "employment first state," meaning that employment in a competitive, integrated setting is the first and preferred option for people with disabilities. Our state also receives federal funding through the Disability Employment Initiative for the transition. Critics of this bill may argue that we do not have the supports in place to get our people out of subminimum wage sheltered workshops. We do. If the people who should be providing quality services to people with disabilities are falling short, we should not continue to maintain low expectations for them. If we keep the bar low, we will always get poor results. If we continue to allow them to offload people with disabilities into subminimum-wage sheltered workshops, they will continue to do it.

Organizations of people with disabilities, both locally and nationally, have called for the end of subminimum wages for workers with disabilities. The people who are subject to this exploitation DO NOT want this exploitation to continue. Please allow us to speak for ourselves. The organizations of people with disabilities, not our custodial service providers and not third-party agencies, are the experts on our own capacity and equality.

This movement has gained much support. At the federal level, both Congresswoman Colleen Hanabusa and Congresswoman Tulsi Gabbard have cosponsored the Transitioning to Integrated and Meaningful Employment (TIME) Act (HR 1377), which will, if passed, end the practice of

**National Federation of the Blind of Hawaii**

**Nani Fife, *President NFBHI*** | P.O. Box 4372, Honolulu, HI 96812-4372 | 808-595-6123 | [www.hawaii.nfb.org](http://www.hawaii.nfb.org)

paying subminimum wages to workers with disabilities throughout the country. The Oahu County Democrats passed a resolution at the County Convention in 2017 calling for the end of subminimum wages for workers with disabilities. The Democratic National Committee has made it part of their platform, as well, and so has the Republican National Committee. It is just good for everyone if we end subminimum wages for workers with disabilities.

The academic research is clear; subminimum wage employment just does not work for us. It is demonstrated to make people less productive than they were before they entered the sweatshop. Sheltered employment is more costly than supported employment in the short-term. Supported employment sometimes involves a third-party subsidizing the employee's wage. Supported employment otherwise involves job coaching and other supportive services to help get the employee up to speed to be a truly competitive employee. It can be difficult for a governing body to imagine paying part of someone's wage in the beginning, but they eventually transition off of that program, largely because they are in an environment with real-world expectations. Then, they need not depend on disability benefits as much or at all.

Some people think that subminimum wages are only being paid in special, segregated work environments. The reality, though, is that the entities holding these special wage certificates can act as subcontractors for any other business. I have a family member who works as a dishwasher at a large restaurant chain, and she is paid subminimum wages. The restaurant subcontracts with the sheltered workshop, which takes the cream off the top of her paycheck and usually gives her about two or three dollars per hour. I know she can do the work as well as the able-bodied employees next to her, but it's legal to pay her less because she's disabled. She's in an integrated setting, doing real work, and getting paid subminimum wages. It continues to happen right under our noses.

I want people with disabilities to be treated like first-class citizens in Hawaii and have the same rights as other people to work to earn the things we need and to reach our full potential. People with disabilities are human beings, and we deserve to be paid like it. We do not want to live our entire lives depending on disability benefits because these sweatshops refuse to pay us like our able-bodied counterparts.

I support this bill but respectfully request that you amend it to make it stronger and more effective at achieving its goal. The House Committee on Labor & Public Employment disemboweled this bill on February 06, 2018, by limiting the payment of subminimum wages to only workers with intellectual disabilities. This must be corrected. It is easy to diagnose anyone with a simple intellectual disability in order to continue qualifying them for these subminimum-wage jobs. It furthermore demonstrates no understanding of the spirit of equality nor the aloha spirit.

A very similar bill, House Bill 1721, demonstrates what HB 1627 should do. Please amend Section 387-9, Hawaii Revised Statutes, to strike out all mention of people with disabilities, which includes striking Subsection (2). Please also amend Section 103D-1001, Hawaii Revised Statutes, by amending the definition of "qualified community rehabilitation program" to truly finish the job of ending the payment of subminimum wages to workers with disabilities in Hawaii. Making these amendments to mirror HB 1721 would make HB 1627 HD 1 so much stronger. I urge you to pass House Bill 1627, House Draft 1, with the appropriate amendments to end the payment of subminimum wages to workers with all types of disabilities.

**National Federation of the Blind of Hawaii**

**Nani Fife, *President NFBHI*** | P.O. Box 4372, Honolulu, HI 96812-4372 | 808-595-6123 | [www.hawaii.nfb.org](http://www.hawaii.nfb.org)

Mahalo nui loa,

Justin M. Salisbury, MA, NOMC, NCRTB, NCUEB  
Legislative Committee Chair  
Honolulu Chapter  
National Federation of the Blind of Hawaii  
1617 Kapiolani Boulevard  
Unit 1402  
Honolulu, Hawaii 96814

**National Federation of the Blind of Hawaii**

**Nani Fife, *President NFBHI*** | P.O. Box 4372, Honolulu, HI 96812-4372 | 808-595-6123 | [www.hawaii.nfb.org](http://www.hawaii.nfb.org)



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## SUPPORT HB 1627 HD 1 – AMENDMENTS REQUESTED

COMMITTEE ON FINANCE  
Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair

Thursday, February 22, 2018  
1:30 PM  
Conference Room 308  
State Capitol  
415 South Beretania Street

To the House Committee on Finance:

I am in support of HB 1627 HD1. I firmly believe that persons with a disability should have the right to “equal pay,” as any other person doing the same job.

I urge you to pass House Bill 1627, House Draft 1, with the appropriate amendments to end the payment of subminimum wages to workers with ALL TYPES OF DISABILITIES.

Mahalo nui loa,

Mrs. Kyle Sabrina Laconsay  
44-149 Hako Street #4  
Kaneohe, HI 96744  
Member  
National Federation of the Blind of Hawaii

**HB-1627-HD-1**

Submitted on: 2/21/2018 9:56:09 AM

Testimony for FIN on 2/22/2018 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Lindsey Dymond	Kalapawai Market & Cafes	Oppose	No

Comments:

With unemployment at 2%, competition for quality staff is tougher than ever. Since Hawaii is one of, if not the most expensive state to operate in, rather than forcing economic hardship on the employers through mandated benefits, wages, etc....., we should be making Hawaii an easier place to do business and create jobs. Supply and demand will force more generous wages and benefit packages and will ease wage compression.

Why is Hawaii so expensive for small business?:

- cost of raw materials / COGs
- Mandated medical insurance that raises hourly wage by \$3 per hour
- High rents
- Low vacancy rates
- High Construction costs
- Permit delays during the start up period
- High Costs of energy and other utilities

If increased min wage, family benefits and PTO legislation are passed:

1. More layoffs and hour reductions
2. small businesses close or at least shrink
3. Cost of unskilled labor (which is what min wage is for) becomes artificially too high
4. wage compression
5. Increased operating costs tied to wages...work comp, TDI and other payroll taxes/with holdings

6. Increased administrative costs to manage family and sick leave.
7. Greater wage disparity between FOH & BOH in restaurants caused by elimination of tip credits
8. Fewer resources available for community involvement and donations
9. Reallocation of funds from optional benefit plan (profit sharing, life insurance, vacation) to minimum wage

The vast majority of min wage earners are:

1. Not head of household
2. minors or just starting first jobs
3. live in combined income house holds that gross that exceed the \$70,000 requirement for a 2 bedroom condo
4. Are retired and just working for the free health care.
5. Servers already make an additional \$15-\$30/hr above their minimum wage
6. Other tipped employees make \$10-\$15

**THE INCREASED COSTS ASSOCIATED WITH THESE BILLS WILL NOT BE ABLE TO GET PASSED ALONG TO END CONSUMERS AND WILL PRICE SMALL BUSINESSES AND RESTAURANTS OUT OF THE MARKET**

Possible ways to lower expenses without tax breaks or credits, etc...

- Tie health insurance premium increases to max at CPI,...current increases are 5-8% annually
- Cap the amount of salary/wages that TDI & Work Comp premiums can be based on
- Pressure HECO and BWS to lower energy and water & sewer rates

- Streamline the building dept to allow new business to open faster without eroding precious free rent periods and start-up capital (all the while collecting more permit fees w/o raising taxes)

- Give permit and other start up preferences to Hawaii owned and based businesses / increase the barrier to entry from mainland and foreign investment (not too sure how to implement)

- focus on educating kids on how to work....maybe even offer more trade classes - fewer and fewer young people (under 21) are entering the job market at the entry level. Example: the Don Dymond scholarship at LJA rewards high school kids who excel at a job and excel in school.

Lower overheads and more business friendly legislation = businesses opening/operating/competing for staff:

1. less vacancy
2. More bank lending on SBA and construction loans
3. more jobs available
4. increased sales for good operators
5. more money circulating locally and at higher velocity
6. growth for vendors, advertisers, insurance companies, etc... = more growth across other sectors serving Hawaii small business
7. More funds available for better maintenance practices and major capital improvements.

Tougher competition for skilled and unskilled labor = more benefit rich employment packages at the lower income levels including: retirement, higher wages, sick pay, vacation pay, family leave, life insurance, etc...

**If the business owners don't stay competitive in the labor market by reallocating the savings on overheads, they at least will die on their own swords and not die by legislation**

**From:** STAN YOUNG <SKYCOMHAWAII@msn.com>  
**Sent:** Wednesday, February 21, 2018 10:45 AM  
**To:** FINTestimony  
**Cc:** PRESIDENT@alumni.ecu.edu  
**Subject:** HB1627HD1 Amendments

# **SUPPORT HB 1627 HD 1 AMENDMENTS REQUESTED**

COMMITTEE ON FINANCE  
Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair

Thursday, February 22, 2018  
1:30 PM  
Conference Room 308  
State Capitol  
415 South Beretania Street

To the House Committee on Finance:

**There are many government and private sponsored training programs for those with disabilities. Some programs are reimbursed for their training. Some programs charge for training. Some training programs pay trainees while under training, and some do not pay while under training. However, subminimum wages should not be used by agencies or employers under the guise of “training” to continue to pay subminimum wages for products and services so they can expand their margin of profitability, especially after the major portion of training has been completed. To pay subminimum wages for products and services is taking advantage of those with disabilities, and is an injustice.**

**Stan Young  
National Federation of the Blind, National Association of Blind Merchants  
P O Box 3203  
Honolulu HI 96801**



## FIN-Jo

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**From:** Kyle Laconsay <hearkylaugh@gmail.com>  
**Sent:** Wednesday, February 21, 2018 7:03 AM  
**To:** FINTestimony  
**Cc:** PRESIDENT@alumni.ecu.edu  
**Subject:** Testimony Supporting HB1627 HD 1

I am in support of HB1627 HD1. I firmly believe that persons with disability have the right to “equal pay,” as any other person doing the same job. Sincerely, Mrs. Kyle Sabrina Laconsay, National Federation of the Blind Member

Sent from my iPhone

**HB-1627-HD-1**

Submitted on: 2/21/2018 12:17:17 PM

Testimony for FIN on 2/22/2018 1:30:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Desi McKenzie	Individual	Support	Yes

Comments:

Desiree A. F. McKenzie

**Aubrey L. McKenzie**

**Miss Hawaii Universal Princess 2016**

95-510 Wikao St. G106

Mililani, Hawaii 96789

(808) 554-8127

February 21, 2018

**To: House Finance Committee--**

**RE: SUPPORT of HB1627 HD1**

**Aubrey and I support HB1627 HD 1** with amendment(s) to include language ensuring that ALL people, including those with intellectual disabilities like Aubrey--are paid a fair minimum wage. Aubrey, 19, who has Down syndrome, Autism and is hearing impaired, (it is best *not* to underestimate her abilities based on her multiple diagnoses!) attends Pearl City High School as PCHS is the only high school nearby that services the needs of hearing impaired high school students.

Here in Hawai'i we continue to seriously lag behind the rest of our country in our perceptions of what people with disabilities are actually capable of accomplishing. As I

shared in my testimony re SB3023 recently--I had the honor of attending the first Annual National Down Syndrome Society Summit in Washington, D. C. this past October. I was in absolute awe while sitting at my table in a ground-breaking "pop-up restaurant" named "C-21!" C-21, just a block from our nation's capitol, was **entirely staffed by young people with Down syndrome. These talented employees served as hostesses, waiters, entertainers, and even chefs--displaying a much harder work ethic and enthusiasm than typical restaurant workers!**

***Had Aubrey been there in D.C.—she would have joined the entertainment workforce and performed with elegance and grace—representing the state of Hawai'i in a BIG way! The same way that she has, many times here in Hawai'i giving her extraordinary gift to benefit local charities--and even in North Hollywood in 2015.***

Just this past Monday, Aubrey, who is a diminutive 4' 7", made a **huge** impact on a large stage with her beautiful signing performance of Avril Lavigne's "Fly!" (2015 Special Olympics World Games theme song—see lyrics on next page) at the Arise Conference 2018 at Inspire Church nearby in Waikele! *Hundreds* of professional women were profoundly touched and empowered by the message that Aubrey shared in her performance! So much so, that **Aubrey received the biggest and loudest standing ovation I have ever heard in my lifetime as an entertainer!** It took enormous strength not to collapse in tears to see her efforts so thoughtfully regarded and appreciated. Aubrey will perform a "hana hou" Thursday.

**Had Aubrey been compensated financially for this incredible performance by industry standard—it would pay far beyond minimum wage for just three minutes of labor!**

In Aubrey's service over the past three years as Miss Hawaii Universal Princess 2016, and Miss Hawaii Princess United States 2015--both titles that she was honored with because of her extensive community service--Aubrey has established an extensive online resume on her vibrant Facebook Page which should support her right to meaningful employment.

Yet, here in Hawai'i even with this incredible resume, her high school continually refuses to provide her with FAPE, let alone a meaningful transition program to work toward her right to equal and integrated employment. ***Students like Aubrey, here in***

***Hawai'i--are hidden in classrooms and are rarely ever given the opportunity to mingle with their typical peers--let alone be provided the same opportunities to learn how to utilize their unique skills to earn a living wage.***

We **must** be industrious and creative mentors here in Hawai'i to begin to enable people with disabilities like Aubrey to develop their own unique talents so that they may **emerge from sheltered workshops--attain EQUAL and INTEGRATED employment—and above all---we must pay people with intellectual disabilities what they deserve!**

Mahalo for your kind attention and consideration,

**Desi and Aubrey McKenzie,**

**Hawai'i Ambassadors--National Down Syndrome Society**

**FLY** (*Sung by Avril Lavigne*)

There's a light inside of all of us  
It's never hiding, you just have to light it  
It's the one thing that you gotta trust  
It's like a diamond, you just have to find it  
So if you ever feel like giving up  
Yeah, just remember that  
We were all meant to fly  
Spread your wings across the universe  
It's your time to  
It's your time to shine  
There's a light inside of all of us  
Soon you'll find that  
It's your time to fly  
Your time to fly  
A little help is all it ever takes  
Somebody else to tell you it's worth fighting  
A single step becomes a leap of faith  
That's when you realize you've started flying  
So don't you ever say you're giving up  
No, there's no looking back  
'Cause we were all meant to fly  
Spread your wings across the universe  
It's your time to  
It's your time to shine  
There's a light inside of all of us

Soon you'll find that  
It's your time to fly  
It's your time to fly  
Just reach up  
Don't give up  
Until you've touched the sky  
Just reach up  
Don't give up  
Until you've realized  
That we were all meant to fly  
Spread your wings across the universe  
It's your time to  
It's your time to shine  
There's a light inside of all of us  
Soon you'll find that  
It's your time to fly, fly  
It's your time to  
It's your time to shine, shine  
Soon you'll find that  
It's your time to fly, fly  
(Spread your wings across the universe)  
It's your time to  
It's your time to shine, shine  
(There's a light inside of all of us)  
Soon you'll find that  
It's your time to fly

This song was written especially for the athletes of the 2015 Special Olympics World Games in Los Angeles, California

Songwriters: David Hodges, Chad Kroeger, Avril Ramona Lavig

**From:** [Ashley Helsing](#)  
**To:** [FINTestimony](#)  
**Subject:** Support for HB 1627 HD 1 with the striking of subsection two  
**Date:** Wednesday, February 21, 2018 12:08:49 PM  
**Attachments:** [image003.png](#)  
[02.21.18 Hawaii HB 1627 .pdf](#)

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Hello,

Please see the attached letter which supports the passage of HB 1627 HD 1 with the striking of subsection two and addition of appropriate amendments to end the payment of subminimum wages to workers with ALL disabilities.

Thank you and please let me know if you have any questions.

Ashley

**Ashley G. Helsing**

*Director of Government Relations*  
**National Down Syndrome Society**

p: 202-766-2407

w: [www.ndss.org](http://www.ndss.org) e: [ahelsing@ndss.org](mailto:ahelsing@ndss.org)



# SUPPORT HB 1627 HD 1 AMENDMENTS REQUESTED

COMMITTEE ON FINANCE  
Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair

Thursday, February 22, 2018  
1:30 PM  
Conference Room 308  
State Capitol  
415 South Beretania Street

To the House Committee on Finance:

I urge you to pass House Bill 1627, House Draft 1, with the appropriate amendments to end the payment of subminimum wages to workers with ALL TYPES OF DISABILITIES.

I support this bill but respectfully request that you amend it to make it stronger and more effective at achieving its goal. A very similar bill, House Bill 1721, demonstrates what HB 1627 should do. Please amend Section 387-9, Hawaii Revised Statutes, to strike out all mention of people with disabilities, which includes striking Subsection (2). Please also amend Section 103D-1001, Hawaii Revised Statutes, by amending the definition of “qualified community rehabilitation program” to truly finish the job of ending the payment of subminimum wages to workers with disabilities in Hawaii. Making these amendments to mirror HB 1721 would make HB 1627 HD 1 so much stronger.

Mahalo nui loa,

Frances T. Laitaga

87-140 Kahau St.

Nanakuli, HI 96792

SUPPORT HB 1627 HD 1  
AMENDMENTS REQUESTED  
COMMITTEE ON FINANCE  
Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair  
Thursday, February 22, 2018  
1:30 PM  
Conference Room 308  
State Capitol  
415 South Beretania Street

**Position: SUPPORT HB 1627 HD 1**

To the House Committee on Finance:

I write this testimony in **STRONG SUPPORT for HB1627**. However, I make the recommendation that this bill be amended to strike out, all mention of people with disabilities in Section 387-9 of the Hawaii Revised Statutes. Furthermore, it would be prudent to amend Section 103D-1001, of the Hawaii Revised Statutes, by amending the definition of “qualified community rehabilitation program” in order to curtail entities wishing to circumvent the intent of this bill and a more inclusive public policy toward persons with disabilities. Making these amendments to mirror HB 1721 would make HB 1627 HD 1 and reflect the needs of the community.

Ken Farm

Member-At Large  
Kalihi-Palama  
Neighborhood Board No. 15



# SUPPORT - HB 1627 HD 1 - requesting amendments

COMMITTEE ON FINANCE  
Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair

Thursday, February 22, 2018  
1:30 PM  
Conference Room 308  
State Capitol  
415 South Beretania Street

To the House Committee on Finance:

I am an individual with a disability and a corporation owner and founder, with over 40 employees, some of which are disabled, all are paid current labor market value wages. I am in support of this bill yet strongly encourage you to amend it to align with House Bill 1721, which demonstrates a stronger and more effective language.

Merely because we are disabled, the allowance of sub-minimum wages for any disability group is supporting legal slavery, discrimination and is a crime. I was a non-disabled working adult individual and became overnight disabled and initially unable to work. But found with the programs that gave me hope, opportunity and proper training as a blind man, I now am an integral part of my society and give back rather than drain my community's resources.

There is federal funding in Hawaii for the purpose of transitioning out of sub-minimum wages and existing programs that do not exploit or jeopardize individuals with disabilities quality of life and wellbeing.

Please amend Section 387-9, Hawaii Revised Statutes, to strike out all mention of people with disabilities, which includes striking Subsection (2). Please also amend Section 103D-1001, Hawaii Revised Statutes, by amending the definition of "qualified community rehabilitation program" to truly finish the job of ending the payment of subminimum wages to workers with disabilities in Hawaii.

I strongly encourage you to take serious consideration of our requests in support of ending sub-minimum wages for all individuals with any disability in Hawaii; as a blind citizen and a member of the National Federation of the Blind of Hawaii, NFBH.

Mahalo and Aloha,

Virgil Stinnett, VP NFBH

2943 Kalakaua #304

Honolulu, HI 96815

**HB-1627-HD-1**

Submitted on: 2/21/2018 11:35:45 AM

Testimony for FIN on 2/22/2018 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Javier Mendez-Alvarez	Individual	Support	No

Comments:

**HB-1627-HD-1**

Submitted on: 2/20/2018 10:36:06 PM

Testimony for FIN on 2/22/2018 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Timothy Zhu	Individual	Support	No

Comments:

I support this bill but respectfully request that you amend it to make it stronger and more effective at achieving its goal. A very similar bill, House Bill 1721, demonstrates what HB 1627 should do. Please amend Section 387-9, Hawaii Revised Statutes, to strike out all mention of people with disabilities, which includes striking Subsection (2). Please also amend Section 103D-1001, Hawaii Revised Statutes, by amending the definition of "qualified community rehabilitation program" to truly finish the job of ending the payment of subminimum wages to workers with disabilities in Hawaii. Making these amendments to mirror HB 1721 would make HB 1627 HD 1 so much stronger.

Alaska just passed a bill that forbids paying persons with disabilities below the minimum wage. We shouldn't be lagging behind on such an important issue.

# SUPPORT HB 1627 HD 1 AMENDMENTS REQUESTED

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Thursday, February 22, 2018  
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To the House Committee on Finance:

I urge you to pass House Bill 1627, House Draft 1, with the appropriate amendments to end the payment of subminimum wages to workers with ALL TYPES OF DISABILITIES.

I support this bill but respectfully request that you amend it to make it stronger and more effective at achieving its goal. A very similar bill, House Bill 1721, demonstrates what HB 1627 should do. Please amend Section 387-9, Hawaii Revised Statutes, to strike out all mention of people with disabilities, which includes striking Subsection (2). Please also amend Section 103D-1001, Hawaii Revised Statutes, by amending the definition of “qualified community rehabilitation program” to truly finish the job of ending the payment of subminimum wages to workers with disabilities in Hawaii. Making these amendments to mirror HB 1721 would make HB 1627 HD 1 so much stronger.

Mahalo nui loa,

Mosi Leota  
87-140 Kahau St.  
Nanakuli, HI 96792

**HB-1627-HD-1**

Submitted on: 2/20/2018 9:13:38 PM

Testimony for FIN on 2/22/2018 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
ernest david Kaimana carvalho	Individual	Support	No

Comments:

I am writing in support of HB 1627, which would repeal the exemption authorizing compensation of impaired individuals at less than minimum wage. Currently employers are allowed to pay workers with disabilities subminimum wages. In this day and age this is nothing more than legalized slavery.

Hawaii is called the State of Aloha for a reason. It's because we are a loving people and loving culture. We do not discriminate against anyone for any reason. That goes against everything that we were brought up to believe in. Here in Hawaii we are taught that everyone is equal and that all should be treated the same way.

In Hawaii it is impossible to live on minimum wage, what make anyone think that workers with disabilities would be able to survive on subminimum wage? If we think like this then we are no better than the employers who hire based on the disability for subminimum wages.

It bad enough that individuals have to cope with a disability, why should we make it much harder on them by adding the extra stress of discrimination on pay. Just because of a disability it does not meant that they can't do the job. In this day of technology anyone can do anything, so no one should be discriminated against. When the federal law went into effect 80 years ago things were different, today we live in a different world where those with disabilities can take care of themselves and now we have to give them that same chance we all have.

Let's be fair to everyone and support HB 1627. Also let's not wait till 2050 to enact this law, let's do this now.

Mahalo for supporting HB 1627

Ernest Carvalho



# SUPPORT HB 1627 HD 1 AMENDMENTS REQUESTED

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Mahalo nui loa,

Iaeli L. Tuuao  
87-140 Kahau St.  
Nanakuli, HI 96792

# SUPPORT HB 1627 HD 1 AMENDMENTS REQUESTED

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Mahalo nui loa,

Iese J. Tuuao Jr.  
87-140 Kahau St.  
Nanakuli, HI 96792



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Mahalo nui loa,

Iese M. Tuuao  
87-140 Kahau St.  
Nanakuli, HI 96792

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Mahalo nui loa,

Jason T. Tuuao  
87-140 Kahau St.  
Nanakuli, HI 96792

# SUPPORT HB 1627 HD 1 AMENDMENTS REQUESTED

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Mahalo nui loa,

Lazarus Ani  
87-140 Kahau St.  
Nanakuli, HI 96792

# SUPPORT HB 1627 HD 1 AMENDMENTS REQUESTED

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Mahalo nui loa,

Tariu Matautia  
87-140 Kahau St.  
Nanakuli, HI 96792

# SUPPORT HB 1627 HD 1 AMENDMENTS REQUESTED

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Mahalo nui loa,

Priscilla R. Tuuao  
87-140 Kahau St.  
Nanakuli, HI 96792

# SUPPORT - HB 1627 HD 1 - requesting amendments

COMMITTEE ON FINANCE  
Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair

Thursday, February 22, 2018  
1:30 PM  
Conference Room 308  
State Capitol  
415 South Beretania Street

To the House Committee on Finance:

After 17 years in the career of my choice, As a non-disabled woman, I became an individual with a disability. I am in support of this bill yet strongly encourage you to amend it to align with House Bill 1721, which demonstrates a stronger and more effective language.

Merely because we are disabled, the allowance of sub-minimum wages for any disability group is supporting legal slavery, discrimination and is a crime. I too was encouraged to work in a community center at sub-minimum wages over 20 years ago at the onset of my disability, yet I found my way to programs that gave me hope, opportunity and proper training as a blind woman to be professionally successful once again. Currently as an owner of a company with over 37 employees, many disabled, we serve an important role to our federal government and homeland security. Yet if I had listened to my "counselor" I could still be a non-tax paying citizen paid penny's an hour for a meaningless job; draining my community resources rather than being an integral part of society. I support the amendments to the bill as requested.

There is federal funding in Hawaii for the purpose of transitioning out of sub-minimum wages and existing programs that do not exploit or jeopardize individuals with disabilities quality of life and wellbeing.

Please amend Section 387-9, Hawaii Revised Statutes, to strike out all mention of people with disabilities, which includes striking Subsection (2). Please also amend Section 103D-1001, Hawaii Revised Statutes, by amending the definition of "qualified community rehabilitation program" to truly finish the job of ending the payment of subminimum wages to workers with disabilities in Hawaii.

I strongly encourage you to take serious consideration of our requests in support of ending sub-minimum wages for all individuals with any disability in Hawaii.

Mahalo nui loa, Katie Keim

2943 Kalakaua Ave. #304, Honolulu, Hawaii, 96815

Secretary, National Federation of the Blind of Hawaii

February 22, 2018

Representative Sylvia Luke, Chair  
House Committee on Finance



Re: HB1627, HD1: Relating to the Minimum Wage

Goodwill Hawaii wants to provide comments on HB1627, HD 1 Relating to the Minimum Wage. This bill targets the elimination of current state law allowing payment for less than the minimum wage to significantly disabled employees whose work performance and productivity does not meet the productivity expected for the job.

Hawaii's law HRS 387-9 allows certain employers to pay wages below the minimum wage to employees who have disabilities that directly affect their job performance. Employers are able to do this through a special minimum wage certificate obtained from the Hawaii State DLIR, Wage and Hour Division. Certificate holders must also have a companion certificate issued by the U.S. Department of Labor's Wage and Hour Division which is known as the 14c Certificate.

This State certificate to pay less than the minimum wage applies only in limited circumstances and requires renewal on an annual Basis. The federal certificate is issued every 3-years, and is also limited to certain circumstances. While Goodwill Hawaii is both a federal and state certificate holder, currently we do not employ any individuals at less than the minimum wage. We continue to hold the certificate, in case the need arises to provide an individual with the opportunity to work, when they are not yet able to meet the requirements for a minimum wage position.

There are extensive protections built into the law which we believe are adequate to prevent issues related to compliance. The special minimum wage rate must be commensurate with those rates paid to workers without disabilities essentially the same type, quantity and quality of work. Employers must provide written assurances that they will review wage rates for individuals paid on an hourly basis at least once every six months. Employers must review the wages of all employees at least annually to reflect changes in the prevailing wages paid to experienced workers without disabilities for essentially the same type of work and the special minimum wage certificate applies to only to employees who have disabilities that affect the work they perform.

Prior to issuing a special wage certificate, employers must provide evidence to the state for review to assure they meet the following criteria:

1. The nature and extent of the disabilities of the individuals employed are directly related to the individuals' productivity for the type of work performed.

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2. The prevailing wages paid to experienced employees without disabilities for comparable work in the same region and industry.
3. The productivity of the workers with disabilities compared to the norm established through the use of a verifiable work measurement method, and related to the productivity of experienced workers without disabilities employed in comparable work.
4. The wage rates to be paid to the workers with disabilities for work comparable to that performed by experienced workers without disabilities.

Work is a valued activity that promotes independence and enables individuals to participate in the mainstream of life. Simply eliminating or phasing out the use of the certificate could result in many people with the most significant disabilities losing their jobs. In a 2001 Government Accountability Office (GAO) report, approximately one-third of all workers paid special minimum wages had intellectual disabilities or other developmental disabilities as their primary impairment, and 46 percent had multiple disabilities.

We urge the legislature to carefully consider any action to eliminate or limit the use of the special minimum wage certificate without understanding its current use and how it may affect people who are current certificate users.

Thank you for this opportunity to testify.

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Hawaii State House of Representatives

Committee on Finance  
Representative Sylvia Luke, Chair  
Representative Ty J.K. Cullen, Vice Chair

H.B. 1627

Thursday, February 22, 2018  
1:30 p.m., Conference Room 308

**LATE**

Dear Chair Luke, Vice Chair Cullen, and members of the Committee on Finance.

Lanakila Pacific strongly opposes H.B.1627 which seeks to amend HRS section 387-9 to repeal the exemption authorizing compensation of persons with disabilities at less than minimum wage. We oppose the bill because it would eliminate a tool that allows people with intellectual disabilities to remain employed. At Lanakila Pacific, the repeal will eliminate paid training options for many who are eager to enter the job market but have a steeper learning curve to climb. The bill will have unintended consequences for a population of individuals who have no other work alternative. It will further marginalize a population that has already been left out of many societal activities.

Nationally only 9-11% of all employees with disabilities are paid a special minimum wage, according to Source America. Approximately one third of all workers paid special minimum wages had intellectual disabilities or other developmental disabilities as their primary impairment and 46% had multiple disabilities, according to a GAO 2001 report. Those benefitting from the special minimum wage are a small percentage of people with disabilities, which amounts to a total of 75 individuals in Hawaii. However small, the number does not reflect the severe impact that the loss of a job will have on the sense of self-worth, ability to contribute with their own labor, and social connection to the community for those individuals who are least able to advocate for themselves.

Prior to obtaining a special certificate, an agency must qualify under Section 14(c) of the Fair Labor Standards Act (FLSA) and obtain a companion certificate from the Hawaii Department of Labor and Industrial Relations (DLIR). DLIR reviews the employer's time records, payroll records, and time study information to determine whether the employer is complying with wage laws and certifying the proposed wages are commensurate with that person's productivity. There are seven businesses in Hawaii that are certified to pay a special minimum wage.

Lanakila Pacific is a certificate holder and utilizes the special minimum wage primarily in our job training programs. As a trainee's productivity increases their wage increases. The productivity studies and the corresponding wage adjustments required to maintain the certificate provide incentive for people with disabilities to increase productivity. The law requires a productivity study every six months. Lanakila Pacific conducts productivity studies each quarter. Since the productivity of the trainee is compared to a norm relative to the productivity of experienced workers without disabilities, Lanakila Pacific also conducts prevailing wage studies twice a year. Both measurement tools exceed standards required by law and give our trainees many opportunities to demonstrate increased productivity and receive a higher wages.

As a trainee nears 75% productivity we work with the trainee, their State Division of Vocational Rehabilitation Counselor and their support team to consider competitive employment at or above minimum wage. In FY 2017, 54 trainees were paid below minimum wage during their 12 to 16 month training period. Of the 20 trainees who graduated from the program, 16 secured competitive employment in food service, custodial or retail.

Thank you for the opportunity to provide testimony in opposition to this measure. We hope you will recognize the value of a special minimum wage certificate and the positive impact it has on the lives of people with disabilities and allow for the use of such certificates to continue.

Respectfully submitted,

Marian E. Tsuji  
President & CEO

Rona Fukumoto  
VP for Programs and  
Mission Advancement



**LATE**

**Senate Committee on Ways & Means**

Board of Directors:

Friday, February 23, 2018, 11:00 a.m., Conference Room 211

Gary L. Hooser  
President

**Hawai'i Alliance for Progressive Action supports: HB1627, HD1 with amendments**

Andrea N. Brower  
Ikaika M. Hussey  
Co-Vice Presidents

Aloha Chair Dela Cruz, Vice Chair Keith-Agaran and members of the Committees,

Hawai'i Alliance for Progressive Action (HAPA) supports of HB1627, HD1 with the following amendments:

Kim Coco Iwamoto  
Treasurer

- Amend Section 387-9, Hawaii Revised Statutes, to strike out all mention of people with disabilities, which includes striking Subsection (2).
- Amend Section 103D-1001, Hawaii Revised Statutes, by amending the definition of "qualified community rehabilitation program" to truly finish the job of ending the payment of subminimum wages to workers with disabilities in Hawaii.
- Making these amendments to mirror HB 1721 would make HB 1627 HD 1 truly address the inequities that people with disabilities are facing.

Bart E. Dame  
Secretary

Paul Achitoff

Malia K. Chun

Laura Harrelson

Current labor laws unjustly prohibit workers with disabilities from reaching their full vocational and socioeconomic potential.

Katie McMillan

Walter Ritte Jr.

Karen Shishido

Leslie Malu Shizue Miki

Kekaulike Prosper Tomich

Written in 1938, Section 14(c) of the Fair Labor Standards Act (FLSA) discriminates against people with disabilities. The provision allows the Secretary of Labor to grant Special Wage Certificates to employers, permitting them to pay workers with disabilities less than the federal minimum wage. This is based on the false assumption that disabled workers are less productive than nondisabled workers, but successful employment models have emerged in the last seventy-five years to assist people with significant disabilities in acquiring the job skills needed for competitive work. Section 14(c) sustains segregated subminimum wage workshops that exploit disabled workers, paying some only pennies an hour for mundane, repetitive tasks.

Cade Watanabe



The subminimum wage model fails to provide adequate training or employment to disabled workers. Data shows that less than five percent of the four-hundred thousand workers with disabilities in segregated subminimum wage workshops will transition into competitive integrated work. Moreover, research shows that the subminimum wage model costs more but actually produces less! In fact, workers must unlearn the useless skills they acquire in order to obtain meaningful employment. It is poor policy to reward such failed programs with wage exemptions, preferential federal contracts, and public and charitable contributions.

After more than seventy-five years of demonstrated failure, it is time to invest in proven, effective models for employment.

Please amend HB 1627, HD1 and support fair wages for workers with disabilities.

Best Regards,

Anne Frederick, Executive Director  
Hawai'i Alliance for Progressive Action

**LATE**

**HB-1627-HD-1**

Submitted on: 2/21/2018 5:05:19 PM

Testimony for FIN on 2/22/2018 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Patricia Blair	Individual	Support	No

Comments:

**LATE**



## Progressive Democrats of Hawai'i

<http://pd-hawaii.com>

1418 Mokuna Pl, HON HI 96816

email: [info@pd-hawaii.com](mailto:info@pd-hawaii.com)

February 20, 2018

To: Senate Committee on Education  
Senator Michelle Kidani, Chair  
Senator Jill N. Tokuda, Vice Chair

Senate Committee on Ways and Means  
Senator Donovan Dela Cruz, Chair  
Senator Keali'i Kahele, Vice Chair

Re: SB 1627 – Minimum Wage for Disabled Persons

Position: Support with Amendments

Members of the Progressive Democrats of Hawai'i were astonished to learn last year that Hawai'i and many other states tolerate a paternalistic policy in which persons with disabilities are employed at sub-minimum wages that are not "livable" wages and are certainly intolerable in this society and in our present economy. This situation must stop and HRS Section 387-9 must be appropriately amended.

We believe that all of subsection (a)(2) of HRS Section 387-9 should be deleted. This would eliminate the authority of the Director of DLIR to establish by rule a sub-minimum wage for any of the categories listed in subsection (2).

Thank you very much for the opportunity to testify on this important matter for the disabled and elderly.

Alan B. Burdick, co-chair  
Progressive Democrats of Hawai'i  
[Burdick808@gmail.com](mailto:Burdick808@gmail.com) / 486-1018

DAVID Y. IGE  
GOVERNOR

DOUGLAS S. CHIN  
LIEUTENANT GOVERNOR



LEONARD HOSHIJO  
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Phone: (808) 586-8844 / Fax: (808) 586-9099  
Email: [dlir.director@hawaii.gov](mailto:dlir.director@hawaii.gov)

**LATE**

February 22, 2018

To: The Honorable Sylvia Luke, Chair,  
The Honorable Ty J.K. Cullen, Vice Chair, and  
Members of the House Committee on Finance

Date: Thursday, February 22, 2018  
Time: 1:30 a.m.  
Place: Conference Room 308, State Capitol

From: Leonard Hoshijo, Director  
Department of Labor and Industrial Relations (DLIR)

**Re: H.B. 1627 H.D.1 RELATING TO THE MINIMUM WAGE**

**I. OVERVIEW OF PROPOSED LEGISLATION**

This proposal amends section 387-9, Hawaii Revised Statutes (HRS), by repealing the provision for individuals whose earning capacity is impaired by old age or physical or mental deficiency or injury to be employed at less than minimum wage.

HD1 amended the measure by allowing employers of persons with intellectual disabilities to apply for certificates of sub-minimum wage.

DLIR provides comments on this measure.

**II. CURRENT LAW**

Section 387-9, HRS, allows both persons impaired by old age or physical or mental deficiency or injury and clients with intellectual disabilities, the latter at sheltered workshops, to be employed under special certificates issued by the Director at wages lower than the minimum wage for a period stated in the special certificates.

**III. COMMENTS ON THE HOUSE BILL**

Currently, there are seven sheltered workshops statewide with an active special certificate permitting the payment of wages lower than the statutory minimum wage to

clients with intellectual disabilities. These sheltered workshops collectively employ approximately 75 individuals.

Prior to issuing a special certificate to the sheltered workshop, DLIR reviews the employer's time records, payroll records, and time study information to determine whether the employer is complying with wage laws and certifying the proposed wages are commensurate with that person's productivity.

Generally, a special certificate is valid for one year and a renewal application is filed annually. The process is authorized by administrative rules first passed in 1959, in subchapter 3 linked here reference. [http://labor.hawaii.gov/wsd/files/2016/02/HAR-12-20-61-to-80\\_3-Handicapped-Clients-in-Sheltered-Workshops-Internet-rev01-15.pdf](http://labor.hawaii.gov/wsd/files/2016/02/HAR-12-20-61-to-80_3-Handicapped-Clients-in-Sheltered-Workshops-Internet-rev01-15.pdf)



# TYLER DOS SANTOS-TAM

801 South Street #4625, Honolulu, Hawai'i 96813

tylerdst@gmail.com  
(808) 348-8885

The Honorable Sylvia Luke  
The Honorable Ty J.K. Cullen  
and members  
Hawai'i State Capitol, Room 308  
Honolulu, Hawai'i 96813

**LATE**

RE: Support for HB1627, HD1

Dear Chair Luke, Vice Chair Cullen, and Members:

As a vocal advocate for Hawai'i workers and the State Central Committee representative for the Labor Caucus of the Democratic Party of Hawai'i, I write to support HB1627, which would clarify the exemption authorizing compensation of persons with intellectual disabilities at less than minimum wage.

As the bill advances through the legislature, it is my sincere hope that further amendments can be made to allow all Hawai'i workers, irrespective of mental or physical condition, to access the same minimum wage.

Mahalo,



Tyler Dos Santos-Tam

**LATE**

**HB-1627-HD-1**

Submitted on: 2/21/2018 10:41:54 PM  
Testimony for FIN on 2/22/2018 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Kai Derrickson	Individual	Support	No

Comments:

Aloha Chairman and Vice Chairman, and members of the FIN committee,

I am writing in support of HB1627 HD1,

The current exemptions under state law that allow employers to pay workers with disabilities undermines their inherent dignity and worth as people. People with disabilities are human beings that deserve to be treated with respect by their employer and by the law. The current productivity benchmarks set by companies are unrealistic and set those with disabilities up to make subminimum wage. Workers without disabilities receive a set minimum wage despite varying rates of productivity. People with disabilities can be just as if not even more productive than nondisabled workers. These unfair benchmarks prohibit disabled people to be recognized as productive workers, limit their opportunity for advancement, and trap them at poverty wage levels. Fair wages must be extended to disabled workers in Hawaii to promote their financial independence, keep them out of poverty, and reduce the risk of homelessness. Companies should not be allowed to exploit disabled persons while their top executives continue to make six figures. Paying people with disabilities sub-minimum wages is a discriminatory and demeaning practice that can no longer be tolerated.

Mahalo for the opportunity to testify in support of this bill,

Kainani Derrickson

**LATE**

**HB-1627-HD-1**

Submitted on: 2/22/2018 8:31:14 AM

Testimony for FIN on 2/22/2018 1:30:00 PM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jun Shin	Young Progressives Demanding Action - Hawaii	Support	No

Comments:

Standing in solidarity with those in the disabled community in this fight! I strongly support it and I would love to see them get the pay that they rightfully deserve for the work they do, below the current minimum wage is not enough as even with the current minimum wage it is hard to live in Hawaii. Fighting for them, I want to ask the committee to please pass this measure and remove one more obstacle in the quest for equality!