



**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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April 3, 2018

To: The Honorable Donovan M. Dela Cruz, Chair,
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair, and
Members of the Senate Committee on Ways and Means

Date: Tuesday, April 3, 2018

Time: 10:00 a.m.

Place: Conference Room 211, State Capitol

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

Re: H.B. NO. 1727 HD1 SD1 RELATING TO LABOR

I. OVERVIEW OF PROPOSED LEGISLATION

This proposal adds paid sick leave through a new chapter to the Hawaii Revised Statutes (HRS), requiring employers subject to the Fair Labor Standards Act (FLSA), excluding federal employees, to provide 40 hours of paid sick leave to be used during absences due to the employee's illness or need for preventive medical care, to care for a family member who is ill or needs preventive medical care, or during a public health emergency. Employees shall accrue sick leave up to 40 hours in a calendar year, unless the employer provides a higher limit.

The chapter shall not apply to employers who have a sick leave policy paying more sick leave than the chapter requires, pay employees \$1.65 more than minimum wage beginning July 1, 2019, \$3.15 more than the minimum wage beginning July 1, 2020; \$4.90 more than minimum wage beginning July 1, 2021, or employ fewer than 50 employees.

DLIR offers comments on the measure.

II. CURRENT LAW

In Hawaii, paid sick leave is not required but could be used to meet the requirements of the Temporary Disability Insurance (TDI) law in which case the

sick leave can be used for the worker's own sickness, but not for the worker to care for other persons.

Under §388-7(3), the Payment of Wages and Other Compensation Law, employers that provide vacation and sick leave benefits are required to make their policies available to employees in writing or through a notice posted in a place accessible to the employees. The employer's policy determines the criteria to earn and use these benefits.

The Hawaii Family Leave Law (§398) provides four weeks of protected leave, not necessarily paid, for employees of employers with 100 or more employees, on the birth or adoption of a child or to care for a family member who is seriously ill. Unlike the federal Family and Medical Leave Act, §398-3 of the Hawaii Family Leave Law does not allow an employee to take leave for the employee's own serious health condition.

III. COMMENTS ON THE HOUSE BILL

The definition of "employer" under FLSA is very broad and generally includes employers with an annual gross income of at least \$500,000 or employers involved in inter-state commerce.

The measure does not include a provision for enforcement. DLIR recommends inserting a provision for an employee remedy through a private right of action.

The bill could also cause conflict for employers who choose to use their sick leave plans to fulfill part or all of the TDI requirement. Under a TDI plan that uses sick leave as the entire TDI benefit, the employee must maintain a minimum amount of sick leave for the employee's own disability. The employer is required by §392-41(b)(2) to allow an employee to use only the amount of sick leave more than the TDI statutory equivalent for family leave purposes.

The latest data from the Research & Statistics Office (Dec. 2016, excludes government) indicates the following:

- 1,622 employers out of 31,438 had 50 or more workers
- These employers employed 362,465 out of 533,623 non-government workers

DLIR notes that the relationship of the proposed sick leave and other benefits provided under various laws may be subject to the requirements of the Employee Retirement Income Security Act (ERISA).

HAWAII
STATE
COMMISSION
ON THE
STATUS
OF
WOMEN



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Executive Director
KHARA JABOLA-CAROLUS

Email: kjabola-carolus@dhs.hawaii.gov
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April 2, 2018

Comments regarding HB 1727 Relating to Labor

To: Senator Dela Cruz, Chair
Senator Keith-Agaran, Vice Chair
Members of the Senate Committee on Ways and Means

From: Khara Jabola-Carolus, Executive Director,
Hawaii State Commission on the Status of Women

Re: Comments Regarding HB1727, SD2, Relating to Labor

The Hawaii State Commission on the Status of Women supports the intent of HB 1727, HD 1 and would like to provide additional comments on how this bill could be strengthened. If passed in its current form, this bill would set an unacceptable standard practice for providing paid sick leave for workers.

Having a paid leave policy increases worker loyalty, decreases turnover and ensures a healthy workforce. Ensuring a minimum amount of paid sick and safe leave for all employees is a sound public policy—all evidence points to a boost for the economy when employees are able to take paid leave. Further, a lack of paid sick leave has a detrimental affect on low-income women. Women of color continue to be paid less on average, and close to 2/3 of low wage workers do not have access to paid sick days despite having the greatest need this policy.

The Commission strongly opposes the employee carve-out, which exempts employers with fewer than 50 employees. This is the highest carve out in the nation in terms of sick leave. This excludes a large number of employees in Hawaii and prevents them from earning paid sick leave.

HB 1727 HD1 SD1 does not allow workers to begin accruing paid sick leave until 480 hours of full-time employment. This compounds the problem: many low income women work multiple minimum wage part time jobs just to stay financially afloat. This exclusion would prevent certain female service workers from earning paid sick leave, even though they may be working more than 40 hours a week at various different service positions. Paid sick leave should accrue on the first day of work.

HB 1727 HD1 also exempts employers from providing paid sick leave if its workers are paid an amount slightly higher than minimum wage. The pay specified for exemption are not liveable wages for Hawai'i according to any available data. Paid sick leave must be provided to all workers.

Finally, the Commission suggests adding an anti-retaliation provision to this bill's language and an enforcement mechanism including a private right of action. This would protect employees who are threatened or retaliated against for requesting to use their paid sick leave under the law. **Alternatively, if this bill cannot be strengthened, the Commission supports the deferral of this bill.** Thank you for this opportunity to provide comments.


Sincerely,

Khara Jabola-Carolus



THE QUEEN'S HEALTH SYSTEMS

To: The Honorable Donovan M. Dela Cruz, Chair
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair
Members, Committee on Ways and Means

From:  Paula Yoshioka, Vice President, Government Relations and External Affairs, The Queen's Health Systems

Date: March 28, 2018

Hrg: Senate Committee on Ways and Means Decision Making; Tuesday, April 3, 2018 at 10:00AM in Room 211

Re: **Comments on HB 1727, HD1, SD1, Relating to Labor**

My name is Paula Yoshioka and I am the Vice President of Government Relations and External Affairs at The Queen's Health Systems (Queen's). While we appreciate the intent of HB 1727, HD1, SD1, Relating to Labor, we would like to provide **comments** and express concerns on this bill as currently written. This bill requires employers to provide a minimum amount of paid sick leave to employees to be used to care for themselves or a family member who is ill or needs medical care, or due to a public health emergency. It also requires employers to offer paid sick leave to minimum wage and other employees or to pay minimum wage employees a salary that is more than the minimum wage.

We appreciate and applaud the intent of this bill; however, we anticipate increased costs should this bill become law. We concur with the Chamber of Commerce of Hawaii's testimony highlighting concerns for the business community.

The health care environment is heavily regulated by the federal government; this has resulted in unfunded mandates and inadequate reimbursements. Unfortunately, in FY 2017 Queen's lost \$64 million in health care operations. While we will always put patients first, increases to our cost structure compromises our ability to be financially healthy.

Thank you for your time and attention to this important issue.

The mission of The Queen's Health Systems is to fulfill the intent of Queen Emma and King Kamehameha IV to provide in perpetuity quality health care services to improve the well-being of Native Hawaiians and all of the people of Hawai'i.



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TO:
Committee on Ways and Means
Senator Donovan M. Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: Tuesday, April 3, 2018
TIME: 10:00am
PLACE: Conference Room 211

RE: HB 1727 Relating to Labor

Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

Our member employers understand that employees will require occasional leave from work due to a legitimate sickness or other reasons, and generally accommodate and work with them.

This bill's approach will hinder an employer's flexibility in providing sick leave, or other kinds of leave, and will result in additional costs, both directly and indirectly. Full time employees already traditionally receive paid sick leave as an earned benefit. Mandating it for part time and hourly employees would greatly increase costs to employers and could end up having negative consequences.

This measure would place a huge administrative burden on employers, which is also a financial drain that they would have to make up for in other areas. For many businesses, especially small businesses, this could mean that they would no longer be able to afford to employ as many people and would be forced to eliminate jobs, or cut wages and eliminate other discretionary benefits. Even worse, for vulnerable companies on the "tipping point," any increase may force them to close.

In order to compensate for the dramatic increase in labor costs that this bill would cause many businesses would also have no choice but to raise prices. Our members work hard to feed the people of Hawaii and we believe it is important to avoid taking unnecessary actions that could make groceries more expensive for Hawaii families.

There is also unfortunately potential for abuse of this type of sick leave system. Currently many employers simply offer leave to employees who have earned it and they are free to take it as vacation, and when they need it for health reasons. Specifying that all employees have access to leave only to be used when they're sick means that employers would likely need to seek some kind of medical documentation in order to prevent abuse of the sick leave program. This is inconvenient for employees and adds yet more administrative efforts and costs for the employer.

This measure and other mandates that create additional costs aren't just bad for individual businesses; they hinder economic progress, job growth, and entrepreneurial activity in Hawaii, and deter business investment in our State.

In light of this, we respectfully request that this measure be held. Thank you for the opportunity to testify.

HB-1727-SD-1

Submitted on: 3/29/2018 3:53:18 PM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
SONYA YUEN	Testifying for KUALAPUU MARKET LTD	Oppose	No

Comments:

To the Committee on Ways and Means

April 3, 2018

Position: Oppose

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee,

We are proud that our business is an important part of our community, serving our great customers and employing our great team. If this bill passes it will become much harder for our business to continue to contribute to our community and our economy.

Labor costs are already a big portion of businesses expenses, and Hawaii is already a very challenging state to do business in, especially now with our unemployment rate so low. This bill would drastically increase our labor costs. When these costs go up businesses like ours, we have to make choices about things like cutting jobs, eliminating benefits, stopping growth, raising prices, or even closing if it becomes cost prohibitive to continue to do business here. These are all outcomes that we want to avoid, and we hope our legislature wants to avoid these outcomes as well. For these reasons we're asking you to hold this measure.

Thank you for your service to our community, and for the opportunity to testify.



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Comments of Hawai'i Appleseed Center for Law and Economic Justice
Pertaining to HB 1727 HD1 SD1 -- Relating to Labor
Senate Committee on Ways and Means
Scheduled for decision-making on Tuesday, April 3, 2018, 10:00 AM, Conference Room 211

Dear Chair Dela Cruz, Vice Chair Keith-Agaran, and members of the Committee:

Thank you for the opportunity to provide comments on **HB 1727 HD1 SD1**, which would require employers to provide a minimum amount of paid sick leave to employees to be used to care for themselves or a family member who is ill or needs medical care, or due to a public health emergency.

Hawai'i Appleseed supports strong paid sick leave legislation, as low-income workers are the least likely to already have paid sick days, while having the greatest financial need for them. According to the National Partnership for Women and Families, **nine states, the District of Columbia, and a county of over a million people have passed paid sick leave laws.** Hawai'i should join them.

However, **the exemptions in the current bill are so large that most workers in our state would not actually get paid sick days from it.** For example, the bill:

- Exempts employers who pay their employees a certain amount above the minimum wage. With our state's median wage at \$19.24 in 2016, this means that the majority of workers in our state will be excluded from coverage under this bill. **No other state with paid sick days has such an exemption.**
- Requires workers to put in 480 hours (3 months of full-time work) before they can start accruing sick days. In contrast, **all 11 of the above-mentioned jurisdictions permit workers to begin accruing paid sick leave on the first day on the job.** As a result, part-time workers – and those who string together multiple part-time jobs – likely wouldn't get paid sick days until halfway through the year.
- This bill also would exempt workplaces with fewer than 50 employees. **Of the above-referenced 11 jurisdictions, as well as dozens of cities with paid sick leave laws, only one other has such a large workplace-size exemption.**

One of the most important benefits of paid sick leave laws are the protection of consumers and the general public from contagious illnesses, such as the flu, that are often spread by food and customer service workers who, without paid sick days, have no choice but to work while sick. **The bill as currently drafted excludes so many workers that its effectiveness in helping address a public health emergency would be seriously undermined.**

We appreciate your consideration of these comments.

The Hawai'i Appleseed Center for Law and Economic Justice is committed to a more socially just Hawai'i, where everyone has genuine opportunities to achieve economic security and fulfill their potential. We change systems that perpetuate inequality and injustice through policy development, advocacy, and coalition building.



To: Senator Donovan Dela Cruz, Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair
Members of the Ways and Means

From: Michael Miller, Tiki's Grill & Bar
Subj: HB1727 HD1 Paid Sick Leave

Date: Sunday, April 1, 18

Thank you for the opportunity to provide testimony. We, at Tiki's Grill & Bar, love Hawaii and support our community, but we hereby **oppose HB1727**.

With Hawaii's low unemployment rate, companies that can afford to offer significant benefits will provide them to be competitive and get the best employees. Employees should have an incentive to grow and do better, to either move up or move to another company if their current employer is unable to afford or unwilling to provide raises or better benefits packages.

We do offer paid time off as a competitive edge. Our employees also enjoy discounts, company events and company-sponsored activities outside of work. These are benefits we choose to provide to retain our good employees and remain competitive. Competitive benefits ensure that our employees are proud to continue to provide excellent service at a popular destination location in Waikiki for both locals and visitors.

We understand that employees will require occasional leave from work due to a legitimate sickness or other reasons, and we generally accommodate and work with them. If we do not, they may leave us to find another job, which does not help them or us.

We urge you to reconsider. Different companies and industries have different cost structures, all companies and industries are not the same. The exemption provision of an increased minimum wage is not a valid incentive for businesses. **Raising minimum wages will cause a compression of wages between newly hired/inexperienced workers and veteran/experienced employees.**

Restaurants are not known for their high-profit margins and longevity in the industry, so while employee size is one measure of success, it is a much less significant measure than other variables in regards to profitability and the ability to sustain increased costs. We have already absorbed a minimum wage increase as well as are continually competing on price with other "industries" that also feed people, such as grocery stores, c-stores, food trucks, and food courts.

Policymakers should be focusing in on removing obstacles to business growth, job creation, and economic stability and not adding additional costs that employers cannot afford.

We urge you **not to pass this bill** out of committee and say "Mahalo" for considering our point of view while making laws and rules that affect everyone.

Mahalo,

Michael Miller / Director of Operations ---- michaelm@tikisgrill.com



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

The Twenty-Ninth Legislature, State of Hawaii
The Senate
Committee on Ways and Means

Testimony by
Hawaii Government Employees Association

April 3, 2018

H.B. 1727, H.D. 1, S.D. 1 – RELATING TO LABOR

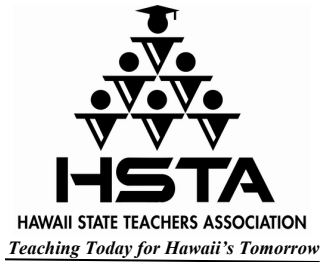
The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO strongly supports the purpose and intent of H.B. 1727, H.D. 1, S.D. 1 which requires employers to provide a minimum amount of paid sick leave to employees.

We represent more than 27,000 public-sector employees who enjoy the benefit of paid sick leave for healthcare. No employee should be forced to choose between their well-being and their job. Taking time off to care for one's illness not only protects the employee, but also protects their families, colleagues, and customers by reducing the chances of spreading illness. Providing employees with a few days of paid sick leave is an investment that not only supports the employee, but our community as a whole.

Thank you for the opportunity to testify in support of H.B. 1727, H.D. 1, S.D. 1.

Respectfully submitted,

Randy Perreira
Executive Director



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TESTIMONY BEFORE THE SENATE COMMITTEE ON
WAYS AND MEANS

RE: HB 1727, HD 1, SD 1 - RELATING TO LABOR

TUESDAY, APRIL 3, 2018

COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Dela Cruz and Members of the Committee:

The Hawaii State Teachers Association **supports the intent of and suggests amendments for HB 1727, HD 1, SD 1**, relating to labor.

In Hawai'i, today, a minimum wage worker would need to work 116 hours per week to afford a one-bedroom apartment at fair market rent, according to the National Low Income Housing Coalition. Similarly, Honolulu rent has increased by more than 25 percent over the past three years. Affordable rent for a minimum wage worker in our state, per NLIHC, is \$481/month.

At the same time, our state continues to suffer from a shortage of affordable housing. Experts at the Department of Business, Economic Development, and Tourism now estimate that Hawai'i needs 66,000 new housing units by the year 2025 to keep up with demand, the overwhelming majority of which is needed to meet the demand of people who qualify for affordable housing. Yet, for every 100 extremely low-income renters on O'ahu, there exist only 40 affordable rentals, according to the Urban Institute.

Hawai'i's high cost of living continues to price people out of paradise. Our children no longer stay here upon graduating from high school or college. Instead, they flee to the mainland or abroad, where they can afford to survive. To stop this trend, we must increase the minimum wage to at least \$15/hour for island workers.

Yet, we believe this measure could be substantially improved in several ways. First, we encourage your committee to **shorten or completely eliminate the period of time**

that must be worked before employees accrue sick leave under this proposal, which the bill currently sets at 480 hours. Second, we urge you to repeal the bill's exemption for workplaces with fewer than 50 employees, since the vast majority of states and municipalities that extend paid sick leave do not contain such an exemption in their sick leave laws. Third and finally, we would like to see enforcement of the sick leave provisions outlined in the bill enhanced by the inclusion of a private right of action for workers, rather than simply having sick leave provided "based on a manner deemed suitable by the employer," as currently stated in the bill.

To preserve the islands' longstanding devotion to helping working families, the Hawaii State Teachers Association asks your committee to **amend** this bill.

HB-1727-SD-1

Submitted on: 3/30/2018 9:07:52 AM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael A Nobriga	Testifying for Maui Soda & Ice Works, Ltd	Oppose	No

Comments:

We Oppose HB1727.

This measure will seriously impact the very small, mom and pop businesses that are barely hanging on as it is. Government intervention is not healthy.

The cost of running a business in Hawaii is getting out of hand. Help the small family business by NOT passing this expensive piece of legislation through. Think of the small guy who doesn't have the time to voice their opinion or doesn't even know this is coming at them!

Most of us already have paid sick leave in place. With the current pool of available hireable people living here, we have to do everything we can to attract qualified candidates. We need people to work and we need them to stay with us for the long haul to try to be a successful business. We don't need government to make it more costly! We need government to attract and keep our resident population to provide the human resources we need.

Thank you for reading this.



Tyler Roukema, Chairman – Outback Steakhouse **Kelii Gouveia, Incoming Chair** – Hula Grill
Hide Sakurai, Vice Chair – Diamond Dining **Dirk Koeppenkastrop, Secretary** – Il Gelato
Ben Dowling, Treasurer – Ocean House **Michael Miller, Past Chair** – Tiki's Grill & Bar

Gregg Fraser, Executive Director **Sunny Obrey**, Executive Assistant **Holly Kessler**, Director of Membership Relations

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To: Sen. Donovan M. Dela Cruz, Chair
Sen. Gilbert S.C. Keith-Agaran, Vice Chair
Members of the Committee on Ways and Means

From: Victor Lim, Legislative Chair
Hawaii Restaurant Association

Subj: HB1727 HD1, SD1 Paid Sick Leave

Date: March 31, 2018

The Hawaii Restaurant Association representing about 3,500 restaurants here in Hawaii opposes HB1727 HD1 which requires businesses to provide paid sick leave.

In an environment of many long time restaurants closing each week across the state this year due to the very tough economic environment due to increases in wage costs and escalating mandated cost like our runaway pre-paid health care costs. Just today we also saw the article in the Star Advertiser that Nalo Farms is under water, for sale, and is going thru major restructuring.

We also oppose the graduated wage increases above the prevailing minimum wage that an employer must provide, \$11.75 in 2019, \$ 13.25 in 2020, and \$ 15.00 in 2021 to be also excluded from such a mandate. This is not something that many of our members can absorb and be able to continue to be in business in our community.

We ask that you defer this very anti-business bill and thank you for this opportunity to share our view.

Aloha.





Randy Perreira
President

HAWAII STATE AFL-CIO

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The Twenty-Ninth Legislature, State of Hawaii
Hawaii State Senate
Committee on Ways and Means

Testimony by
Hawaii State AFL-CIO

April 3, 2018

H.B. 1727, H.D.1, S.D.1 – RELATING
TO LABOR

The Hawaii State AFL-CIO strongly supports H.B. 1727, H.D.1, S.D.1 which requires employers to provide a minimum amount of paid sick leave to employees to be used to care for themselves or a family member who is ill or needs medical care, or due to a public health emergency and gives employers flexibility to offer paid sick leave to minimum wage and other employees or to pay minimum wage employees a salary that is more than the minimum wage.

Many union members working in Hawaii are fortunate to have access to paid sick days. Even a number of employers that do not have a collective bargaining agreement offer generous paid sick days to their employees and we commend them for providing such benefits. Regrettably, not all workers are provided access to paid sick days. In fact, according to the National Partnership for Women and Families, over 170,000 Hawaii workers or nearly 43 percent of the state's private-sector workforce are not able to take paid sick days when they are ill or when their children are ill. As a result, countless employees attend work sick as many of the 170,000 workers are low-wage service sector workers living paycheck to paycheck. This however can be changed for the better.

Supporting H.B. 1727, H.D.1, S.D.1 will provide workers who need it the most with a few paid sick days a year. Children who are sick will finally be able to stay at home and recover and sick employees will finally have the opportunity to regain their health allowing them to return to work at full productivity. And most importantly, the spread of illness will be greatly reduced among co-workers, school children and the general public. Hawaii will become a healthier state, a more productive state and of course a state that recognizes the impact of how contagious the flu or other diseases can be to Hawaii residents. A small number of paid sick days a year can go a long way to improving the quality of life for many.

Thank you for the opportunity to testify.

Respectfully submitted,

Randy Perreira
President

IBEW1260

‘A‘OHE HANA NUI KE ALU ‘IA

April 3, 2018

The Twenty-Ninth Legislature
Hawaii State Senate
Committee on Ways and Means

HB1727 - RELATING TO LABOR

Chair Dela Cruz, Vice Chair Keith-Agaran, and Members of the Committee,

The International Brotherhood of Electrical Workers Local Union 1260, AFL-CIO (IBEW1260), represents more than 3500 members, has advocated for all workers in the State of Hawaii for over seventy-five years and respectfully offers the following testimony in STRONG SUPPORT of House Bill 1727 (HB1727).

While IBEW1260 members are fortunate enough to be covered by a collective bargaining agreement providing in many cases generous amounts of paid sick leave, many of Hawaii's workers, over forty percent, are not afforded the same benefit. As a result, these workers are required to choose between providing for their families or working while sick and enduring a loss of income to recuperate.

Support of HB1727 will allow these workers, many of whom are low-income earners, the ability to stay at home and recover without loss of income. Additionally, children of working families who are ill will be able to remain home being cared for by their parents. IBEW1260 encourages this committee to SUPPORT HB1727 as paid sick days will improve the quality of life for many families ultimately leading to a healthier Hawaii.

Mahalo for the opportunity to testify on this issue.

Respectfully,



Michael M. Brittain
Asst. Business Manager
IBEW1260 / AFL-CIO

HB-1727-SD-1

Submitted on: 3/28/2018 7:26:12 PM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lindsey Dymond	Testifying for Kalapawai Market & Cafes	Oppose	No

Comments:

Aloha,

Kalapawai Market & Cafe strongly opposes HB 1727 which would mandate paid sick leave. Hawaii is already an extremely costly place to do business and this, along with other proposed legislation, could be the tipping point for many small businesses, especially restaurants, ultimately putting more people out of a job.

The "use it or lose it" idea will also create huge scheduling and staffing problems for small shops towards the end of the year, when the employers need the staff the most. For each day that someone calls in "sick", the business will need to pay another person called in at the last minute, often at time and a half, to fill in. Now that one employee, at a possible minimum wage of \$15/hr, will be \$37.50/hr (\$15/hr for the "sick" employee + \$22.50 for the last minute fill-in at time and a half). Please note that this does not include labor burden, taxes, health care, TDI, and other wage based insurance premiums and is only for a non-skilled, proposed minimum wage employee. As opposed to current minimum wage of \$10.10. This is an extreme undue hardship on small business.

Please allow small business to compete for strong employees through more benefit rich compensation packages and don't legislate more people out of their jobs.

Mahalo



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

**TESTIMONY FOR HOUSE BILL 1727, HOUSE DRAFT 1, SENATE DRAFT 1,
RELATING TO LABOR**

**Senate Committee on Ways and Means
Hon. Donovan M. Dela Cruz, Chair
Hon. Gilbert S.C. Keith-Agaran, Vice Chair**

**Tuesday, April 3, 2018, 10:00 AM
State Capitol, Conference Room 211**

Honorable Chair Dela Cruz 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 the intent of, with proposed amendments for House Bill 1727, HD 1, SD 1, relating to labor.

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.

To provide financial security to Hawai'i's workforce, we must raise the minimum wage to at least \$15/hour and provide paid sick leave to Hawai'i's workforce. That said, we believe that this measure must be amended before moving forward. To begin, we urge your committee to **replace the current accrual rate outlined in the bill, set at 480 with a mandate that accrual of paid sick leave shall commence immediately.** The vast majority of states and municipalities that offer paid sick leave allow workers to begin accruing leave time on their first day on the job. Additionally, we believe that **this measure's exemption from sick leave provisions for businesses with fewer than 50 employees is untenable and should be removed.** Only Connecticut excludes as many workers from paid sick leave requirements as this provision would allow. Finally, we encourage you to **incorporate a private right of action into the bill to amplify enforcement of the measure's coverage.**

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

Sincerely,
Kris Coffield
Executive Director
IMUAlliance

HB-1727-SD-1

Submitted on: 3/29/2018 4:02:32 PM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
ISABELLA HUGHES	Individual	Support	No

Comments:

We need to support paid leave - and treat employees with kindness and dignity in times of need. As a small business owner, although this will impact my profits, I firmly believe in treating employees like family and giving paid leave for when they or a family member is ill and they need to kÅ• kua. If we oppose bills that this - what does this say about us as a society and community? Firmly in support of this bill.

HB-1727-SD-1

Submitted on: 3/28/2018 7:19:47 PM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Lea Minton	Individual	Support	No

Comments:

HB-1727-SD-1

Submitted on: 3/29/2018 8:26:00 AM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Mike Golojuch	Individual	Support	No

Comments:

HB-1727-SD-1

Submitted on: 3/30/2018 5:57:10 AM

Testimony for WAM on 4/3/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
John Zwiebel	Individual	Oppose	No

Comments:

I do not support this bill in any way. The idea that an employee will stay home when sick if they do not have sick days is just not viable. No one is going to take sick days in lieu of higher pay. Rather employers who offer this choice will have sick people working.

Katherine T. Kupukaa
Mililani, Hawaii

COMMITTEE ON WAYS AND MEANS
Senator Donovan M. Dela Cruz , Chair
Senator Gilbert S.C. Keith-Agaran, Vice Chair

DATE: Tuesday, April 3, 2018
TIME: 10:00 a.m.
PLACE: Conference Room 211
State Capitol
415 South Beretania Street

RE: OPPOSE HB 1727, HD 1 RELATING TO LABOR

I oppose this bill on a number of issues. Sick leave should be a benefit for the individual who is working for the business and not to provide care for a family member. It totally disregards the businesses that will be mandated to provide this benefit. Government should be supporting these businesses that will increase the economic growth of our State.

Government should not enact laws regulating the kinds of benefits businesses provide their employees. At the same time individuals have a choice to make whether to work for a business that offer benefits the individual desires to meet their needs. I have worked both in the private sector and government and I had choices to make that is freedom.

Leave the businesses alone and let them decide what benefits to offer their employees. Do not add any more burdens to them. It is difficult enough for businesses in Hawaii to survive. This is a flawed bill. Please do not pass it.

Thank you for allowing me the opportunity to voice my concern.