

SB 3023

SD-2

**RELATING TO
MINIMUM
WAGE**

A BILL FOR AN ACT

RELATING TO MINIMUM WAGE.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 PART I

2 SECTION 1. Section 103D-1001, Hawaii Revised Statutes, is
3 amended by amending the definition of "qualified community
4 rehabilitation program" to read as follows:

5 "Qualified community rehabilitation program" means a
6 nonprofit community rehabilitation program for persons with
7 disabilities that:

- 8 (1) Is organized and incorporated under the laws of the
9 United States or this State, and located in this
10 State;
- 11 (2) Is operated in the interest of and [+]employs[+]
12 persons with disabilities;
- 13 (3) Does not inure any part of its net income to any
14 shareholder or other individual;
- 15 (4) Complies with all applicable occupational health and
16 safety standards required by the federal, state, and
17 county governments; and



1 (5) Holds a current certificate from the United States
2 Department of Labor pursuant to the Fair Labor
3 Standards Act, Title 29 United States Code section
4 214(c), and is certified by the state department of
5 labor and industrial relations under [~~section 387-9~~
6 ~~and~~] applicable administrative rules relating to the
7 employment of persons with disabilities."

8 SECTION 2. Section 387-9, Hawaii Revised Statutes, is
9 amended by amending its title and subsection (a) to read as
10 follows:

11 "**§387-9 Special minimum wages for learners[+],**
12 **apprentices[+], full-time students[+], and paroled wards of**
13 **Hawaii youth correctional facility[~~;~~ ~~handicapped workers~~].** (a)
14 Notwithstanding [~~the provisions of~~] section 387-2, the director
15 [~~may~~], by rule, may provide for the employment[+
16 ~~(1)~~ ~~of~~] of learners, [~~of~~] apprentices, [~~of~~] part-time
17 employees who are full-time students attending public
18 or private schools other than colleges, universities,
19 business schools, or technical schools, and [~~of~~] wards
20 paroled from the Hawaii youth correctional facility,
21 under special certificates issued by the director, at



1 recommendations, including any proposed legislation, to the
2 legislature no later than twenty days prior to the convening of
3 the regular session of 2019.

4 The sum appropriated shall be expended by the department of
5 business, economic development, and tourism for the purposes of
6 this Act.

7 PART III

8 SECTION 4. This Act does not affect rights and duties that
9 matured, penalties that were incurred, and proceedings that were
10 begun before its effective date.

11 SECTION 5. If any provision of this Act, or the
12 application thereof to any person or circumstance, is held
13 invalid, the invalidity does not affect other provisions or
14 applications of the Act that can be given effect without the
15 invalid provision or application, and to this end the provisions
16 of this Act are severable.

17 SECTION 6. Statutory material to be repealed is bracketed
18 and stricken. New statutory material is underscored.

19 SECTION 7. This Act shall take effect on July 1, 2050.



Report Title:

Employment; Minimum Wage; Persons with Disabilities; DBEDT;
Study

Description:

Includes persons with disabilities under the minimum wage requirements. Requires the Department of Business, Economic Development, and Tourism to study the impacts of raising the minimum wage and recommend to the Legislature how the minimum wage should be adjusted in the future. Effective 7/1/2050.
(SD2)

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.



SB 3023

SD-2

TESTIMONY



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

830 PUNCHBOWL STREET, ROOM 321

HONOLULU, HAWAII 96813

www.labor.hawaii.gov

Phone: (808) 586-8844 / Fax: (808) 586-9099

Email: dlir.director@hawaii.gov

March 20, 2018

To: The Honorable Aaron Ling Johanson, Chair,
The Honorable Daniel Holt, Vice-Chair, and
Members of the House Committee on Labor & Public Employment

Date: Tuesday, March 20, 2018

Time: 10:00 a.m.

Place: Conference Room 309, State Capitol

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

Re: S.B. 3023 SD2 RELATING TO MINIMUM WAGE

I. OVERVIEW OF PROPOSED LEGISLATION

This proposal amends the definition of a “Qualified community rehabilitation program” under section 103D-1001, Hawaii Revised Statutes (HRS), of the Hawaii Public Procurement Code, by repealing the reference to section 387-9, HRS. This measure also repeals the provision in section 387-9(a)(2), HRS, for employing persons with intellectual disabilities at wages lower than the statutory minimum wage. An unspecified amount is appropriated to the Department of Business, Economic Development and Tourism (DBEDT) to study the effect of minimum wage and the economy. A report is due to the Legislature twenty days before the start of the 2019 session.

DLIR provides comments on this measure and shares DBEDT’s concern about the study because data for the proposed study does not exist.

II. CURRENT LAW

Section 103D-1001, HRS, provides for preference in procurement for a bona-fide “Qualified Community Rehabilitation Program” which means a nonprofit community rehabilitation program for persons with disabilities that meets certain requirements. One of the requirements is that the nonprofit be certified by the DLIR under section 387-9, HRS, relating to employment of persons with disabilities.

Section 387-9, HRS, allows both persons 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 SENATE 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.

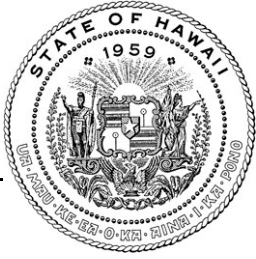
Prior to issuing a special certificate to the sheltered workshop, DLIR reviews the employer's time records, payroll records, and time study information to determine whether the employer is complying with wage laws and certifying the proposed wages are commensurate with that person's productivity.

Generally, a special certificate is valid for one year and a renewal application is filed annually.

DLIR notes that the measure, as drafted, obviates the need for a special certification of a qualified community rehabilitation program" since the Director would not be granting any exception to the law, and so we recommend the following be repealed on page 2, lines 4 through 7.

- (5) Holds a current certificate from the United States Department of Labor pursuant to the Fair Labor Standards Act, Title 29 United States Code section 214(c) [~~, and is certified by the state department of labor and industrial relations under section 387-9 and applicable administrative rules relating to the employment of persons with disabilities]~~."

DLIR also notes that quality data regarding minimum wage workers in Hawaii does not exist. The Bureau of Labor Statistics publishes information periodically about minimum wage workers, but this data is based on a relatively small sample of the monthly phone survey by the Census Bureau (Current Population Survey).



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

DAVID Y. IGE
GOVERNOR

LUIS P. SALAVERIA
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

No. 1 Capitol District Building, 250 South Hotel Street, 5th Floor, Honolulu, Hawaii 96813
Mailing Address: P.O. Box 2359, Honolulu, Hawaii 96804
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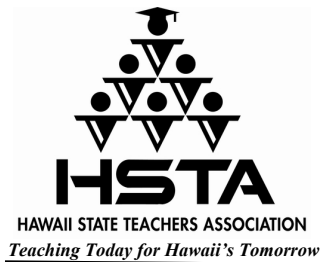
Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
Tuesday, March 20, 2018
10:00 A.M.
State Capitol, Room 309
in consideration of
SB3023, SD2
RELATING TO MINIMUM WAGE.

Chair Johanson, Vice Chair Holt, and Members of the Committee.

The Department of Business, Economic Development & Tourism (DBEDT) **supports SB3023, SD2**, which requires DBEDT to study the impacts of raising the minimum wage and recommend to the Legislature how the minimum wage should be adjusted in the future.

While DBEDT supports this bill, the necessary data for the study do not exist and, therefore, surveys of businesses and/or residents would be required to compile the data as required for the study. The study would include a literature review and/or surveys of other states with higher state level minimum wages than the Federal level to understand their experience and practices. The study would provide a profile of minimum wage earners in the State, and the estimated impact of raising the state minimum wage on employment, inflation, overall wage rates, the poverty rate, and income. The cost for a study of this scope is estimated to be \$100,000, which would cover hiring a research firm to conduct the surveys.

Thank you for the opportunity to provide the above testimony.



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Wilbert Holck
Executive Director

TESTIMONY BEFORE THE HOUSE COMMITTEE ON
LABOR AND PUBLIC EMPLOYMENT

RE: SB 3023, SD 2 – RELATING TO MINIMUM WAGE

TUESDAY, MARCH 20, 2018

COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Johanson and Members of the Committee:

The Hawaii State Teachers Association **supports SB 3023, SD 2**, relating to 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-20th 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.



Randy Perreira
President

HAWAII STATE AFL-CIO

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The Twenty-Ninth Legislature, State of Hawaii
Hawaii State House of Representatives
Committee on Labor and Public Employment

Testimony by
Hawaii State AFL-CIO
March 20, 2018

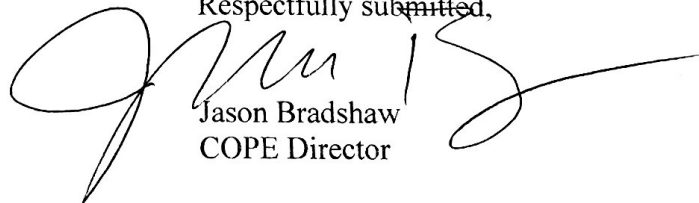
S.B. 3023, S.D.2 – RELATING TO THE
MINIMUM WAGE

The Hawaii State AFL-CIO supports S.B. 3023, S.D.2 which includes persons with disabilities under the minimum wage requirements and requires the Department of Business, Economic Development, and Tourism to study the impacts of raising the minimum wage and recommend to the Legislature how the minimum wage should be adjusted in the future.

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,



Jason Bradshaw
COPE Director

IBEW1260

‘A‘OHE HANA NUI KE ALU ‘IA

March 20, 2018

The Twenty-Ninth Legislature
Hawaii State House of Representatives
Committee on Labor and Public Employment

SB3023 - RELATING TO MINIMUM WAGE

Chair Johanson, Vice Chair Holt, 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 Senate Bill 3023 (SB3023).

As IBEW1260 believes all workers should be paid a fair wage for a day's work, we find it incomprehensible that any worker could be paid a sub-minimum wage for any labor provided. For this reason, IBEW1260 respectfully ask the Committee to **SUPPORT SB3023** sending the message that all Hawaii's workers are valued and respected.

Mahalo for the opportunity to testify on this issue.

Respectfully,



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



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

**TESTIMONY FOR SENATE BILL 3023, SENATE DRAFT 2, RELATING TO
MINIMUM WAGE**

House Committee on Labor and Public Employment

Hon. Aaron Ling Johanson, Chair

Hon. Daniel Holt, Vice Chair

Tuesday, March 20, 2018, 10:00 AM

State Capitol, Conference Room 309

Honorable Chair Johanson and committee members:

I am Kris Coffield, representing IMU Alliance, a nonpartisan political advocacy organization that currently boasts over 400 members. On behalf of our members, we offer this testimony in strong support of Senate Bill 3023, SD 2, 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

SB-3023-SD-2

Submitted on: 3/19/2018 9:42:59 AM

Testimony for LAB on 3/20/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Oahu County Committee on Legislative Priorities, Democratic Party of Hawai'i	Support	No

Comments:



Live the life you want.

**SUPPORT Senate Bill 3023, Senate Draft 2
PLEASE PASS UNAMENDED**

Tuesday, March 20, 2018

10:00 AM

Conference Room 309

Hawaii State Capitol

COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
Representative Aaron Ling Johanson, Chair
Representative Daniel Holt, Vice Chair

To the House Committee on Labor & Public Employment:

Mahalo for taking the time to consider 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 we 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; as a result, 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 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.

When we put people in subminimum-wage sheltered workshops, their productivity is assessed without regard to their individual talents. At best, their productivity is only assessed in the context of the work that the sheltered workshop has pre-selected as ‘appropriate for people with disabilities.’ For example, if a sheltered workshop does not employ computer programmers, they will not assess the employee for his or her ability to be a computer programmer. This practice prevents people from reaching their real potential. Their productivity is a function of the suffocating environment known as the subminimum-wage sheltered workshop.

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. Edward 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.

Hawaii is an Employment First State. In 2016, the Employment First State Leadership Mentor Program offered this Vision Statement:

“Through Employment First partnerships, people with disabilities shall have access to competitive integrated employment. Moreover, employment in the community is the first service option for individuals with disabilities.”

The following state leaders signed the Employment First State Leadership Mentor Program:

- Allicyn C.H. Tasaka, Executive Director, Workforce Development Council
- Linda Chu Takayama, Director, Department of Labor and Industrial Relations

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

- Leslie Wilkins, Chair, State Workforce Development Council
- David DeLuz, Jr., Chair, Hawaii County Workforce and Development Board
- Pankaj Bhanot, Director of Human Services, Department of Human Services
- Deborah Miyao, Acting Adult Education Director, State of Hawaii, Department of Education
- Virginia Pressler, MD, Director of Health, State of Hawaii, Department of Health
- Waynette K.Y. Cabral, Executive Administrator, Developmental Disabilities Council
- Patricia A. Morrissey, PhD, Director, Center on Disability Studies, University of Hawaii

According to a 2011 press release from the US Department of Labor, the Hawaii Department of Labor and Industrial Relations received \$2,923,674 in federal Disability Employment Initiative funding to transition workers with disabilities out of subminimum-wage sheltered workshops. 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, even though it contradicts our Employment First agreement.

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 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. Rob Cimera's research demonstrates that sheltered workshops make people less productive than they were before they entered the workshops. Sheltered employment is demonstrated to cost more than supported employment. 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 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 other businesses. 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 right under our noses.

People with disabilities want 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. We want 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.

Some agencies have recommended that we should disembowel this bill by limiting the payment of subminimum wages to only workers with intellectual disabilities. This thinking must be corrected. It is easy to diagnose anyone with a simple intellectual disability in order to continue qualifying them for subminimum wages. It furthermore demonstrates no understanding of equality nor aloha spirit.

The State of Hawaii has already become an Employment First State with a full Leadership Mentor Program. We have already set up the support structures to serve and empower people with disabilities. The organizations of people with disabilities have spoken, and we want to eradicate the payment of subminimum wages to our people. The only opposition we have faced comes from the sweatshops which exploit us and the agencies which are paid to monitor how they exploit us. We have heard all their arguments against this bill for many decades, and we are still asking for it.

We respectfully request that you listen to us about how we want to be treated. Low expectations are the true obstacles between people with disabilities and our dreams. Our disabilities are not what hold us back; it is low expectations and custodial policies like the one this bill will eliminate.

Please pass Senate Bill 3023, Senate Draft 2. Please tell us that you believe that we are all equal.

Mahalo nui loa,

Justin M. Salisbury, MA, NOMC, NCRTB, NCUEB
President
Hawaii Association of Blind Students and Recent Graduates
A Proud Division of the National Federation of the Blind of Hawaii
1617 Kapiolani Boulevard, Unit 1402
Honolulu, Hawaii 96814

"Whenever I hear anyone arguing for slavery, I feel a strong impulse to see it tried on him personally. I am in favor of giving an opportunity to such white men to try it on for themselves."

President Abraham Lincoln to the 140th Indiana Regiment
March 17, 1865

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

SB-3023-SD-2

Submitted on: 3/16/2018 6:17:20 PM

Testimony for LAB on 3/20/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Golojuch Jr	LGBT Caucus of the Democratic Party of Hawaii	Support	Yes

Comments:

SB-3023-SD-2

Submitted on: 3/16/2018 10:57:13 PM

Testimony for LAB on 3/20/2018 10:00:00 AM

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

Comments:

When this Committee heard HB 1627 , we submitted lengthy testimony discussing the issue of sub minimum wages. We remain very sympathetic to the goal of eliminating this practice and yet the concerns we expressed still remain. Many of our counterparts around the country as well as our national organization, the National Disability Rights Network, support the elimination of the sub minimum ages. We recently read a report from the agency in Arkansas extolling their efforts to attempt to eliminate them. At the same time, the report notes as a followup that most of the individuals who were employed in these workshops did not find alternative employment. Therein lies our concern. Clearly the push needs to be made to place as many people with disabilities into gainful, competitive employment. Yet, we ought not to forget that some individuals will be negatively impacted if this occurs.

It would be useful to get a handle on who exactly are the individuals that are in these programs, and perhaps even to talk to their families. We continue to believe that the solution may still be better oversight and monitoring of the employers who operate these workshops as well as greater resources provided to the vocational rehabilitation programs that assist individuals with disabilities in obtaining employment. The law already requires that every effort be made to place these individuals in integrated employment at a competitive wage. So, in theory, nobody should be in a sub minimum wage position if there are real alternatives that are available.



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting SB 3023 SD2 – Relating to Minimum Wage
House Committee on Labor & Public Employment
Scheduled for hearing at Tuesday, March 20, 2018, 10:00 AM, in Conference Room 309

Dear Chair Johanson, Vice Chair Holt, and members of the Committee:

Thank you for the opportunity to testify in SUPPORT of **SB 3023 SD2**. Since this bill would require the Department of Business, Economic Development, and Tourism to study the impacts of raising the minimum wage, we'd especially like to provide information pertinent to the study.

The minimum wage is one of the most studied topics in economics, and over the past two decades the vast majority of the research has found that minimum wage increases do not have the detrimental effects predicted by critics, especially when it comes to effects on unemployment rates.

Last year, a major paper looked at 137 minimum wage increases over the past 40 years.¹ It found that while, on average, these wage hikes reduced the number of jobs with wages below the new minimum level, they also added jobs paying higher than the new minimum. The conclusion was that these results effectively canceled each other out.

Similarly, a study in 2013 analyzed minimum wage research since 2000,² including two meta-studies, and concluded that minimum wage hikes lead to little or no change in employment. It found that employers were able to adapt to higher wages without cutting jobs via less employee turnover, increased efficiency, lower wages for top-end employees, and small price increases.

A 2017 University of Washington paper drew a lot of media attention primarily because it was an outlier, finding negative job effects from Seattle's minimum wage increase.³ In contrast, a UC Berkeley study released that same week, but which concluded that Seattle's minimum wage increase had beneficial effects, garnered almost no headlines.⁴ Since last summer, the University of Washington paper has been debunked, as experts at the Center for American Progress,⁵ Economic Policy Institute,⁶ and other institutions have pointed significant methodological problems in it.

We appreciate your consideration of this testimony.

¹ <http://www.sole-jole.org/17722.pdf>

² <http://cepr.net/press-center/press-releases//new-paper-finds-modest-minimum-wage-increases-have-little-impact-on-employment>

³ <https://evans.uw.edu/sites/default/files/NBER%20Working%20Paper.pdf>

⁴ <http://irle.berkeley.edu/files/2017/Seattles-Minimum-Wage-Experiences-2015-16.pdf>

⁵ <https://www.americanprogress.org/issues/poverty/news/2017/06/28/435220/five-flaws-new-analysis-seattles-minimum-wage/>

⁶ <https://www.epi.org/press/university-of-washington-analysis-of-seattle-minimum-wage-increase-is-fundamentally-flawed/>

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: Hawaii State House of Representatives Committee on Labor and Public
Employment
Hearing Date/Time: Tuesday, Mar. 20, 2018, 10:00 a.m.
Place: Hawaii State Capitol, Rm. 309
Re: Testimony of Planned Parenthood Votes Northwest and Hawaii in Support of S.B.
3023, SD2

Dear Chair Johanson and Members of the Committee,

Planned Parenthood Votes Northwest and Hawaii (“PPVNH”) writes in support of S.B. 3023, SD2, to require employers to pay people with disabilities the minimum wage, study the impacts of raising the minimum wage and recommend to the Legislature how the minimum wage should be adjusted in the future.

Employees with disabilities deserve to be treated with fairness and respect just like any other worker in Hawaii. This includes paying them a minimum wage just like other workers and providing them with the ability to become more economically secure, which is challenging for those already earning minimum wage, must more so for those who do not even make that.

The stagnant minimum wage contributes to unequal pay and economic insecurity, more so for women, and, in particular, for women of color. Two-thirds of minimum wage workers are women, and two-thirds of those are women of color. A higher minimum wage is strongly correlated with narrowing the wage gap: All the ten states with the lowest wage gaps in 2013 had minimum wages higher than the federal \$7.25 minimum, while only one of the ten states with the widest wage gaps had a higher minimum wage.

People earning the minimum wage often struggle to pay for housing, food, health care, and other basic amenities, and are significantly more likely to turn to public assistance programs. Full-time minimum wage workers earn less than the federal poverty level, meaning our public assistance programs are essentially subsidizing the low minimum wage. When people making minimum wage are the primary breadwinners of their families, they are unable to save for their families’ future and make it virtually impossible for them to climb out of poverty. The minimum wage is simply not a living wage for most women and families.

Please support S.B. 3023, SD2, and the future health and well-being of Hawaii people.

Thank you for this opportunity to testify in support of this important measure.

Sincerely,
Laurie Temple Field
Hawaii Legislative Director



**Chair Johanson
Vice Chair Holt
House Committee on Labor & Public Employment**

**Tuesday, March 20, 2018
10:00 AM**

TESTIMONY IN SUPPORT OF SB3023 SD2 RELATING TO MINIMUM WAGE

Aloha Chair Johanson, Vice Chair Holt, Members of the House Committee on Labor & Public Employment,

My name is Jun Shin. I am 18 years old, a freshman at the University of Hawaii at Manoa, and a board member at-large for Young Progressives Demanding Action – Hawaii. Thank you for your hard work in considering this, as it addresses a very important civil rights issue. The issue of subminimum wage is not really talked about, and I personally found out about this recently thanks to a friend in the blind community who has been doing his best to fight for this issue, and it really is worrying that more of us don't know about it as it really affects people with disabilities who want to work hard and succeed.

In Hawaii, people with disabilities do not currently receive the protection of minimum wage laws, and I respectfully request that exemptions allowing employers to pay them subminimum wages be eliminated. Some agencies have proposed that we should separate people with certain types of disabilities and grant equality to them while leaving people with other types of disabilities behind as second-class citizens.

As the great “philosopher” Lilo once said, “Ohana means family. Family means nobody gets left behind or forgotten”. We cannot leave our brothers and sisters behind and separate them based on disability, as it contradicts with the desire for economic equality that led to this measure being created and coming this far in the legislative process.

I am fighting to give workers with all types of disabilities equal minimum wage protection because I really think it's the right thing to do and it's an issue that simply should no longer exist as we have made it clear a long time ago that discrimination is wrong. We as a society must make sure that never again, will the desire to reach your full potential be hindered based on your disabilities as they don't determine who you are as a person, and what you can do as an individual. Simply put, when all our brothers and

sisters with disabilities succeed, we as a state and a country succeed. We are fighting the good fight through this measure, so **I hope that you will pass SB3023 SD2 unamended.**

Thank you for your hard work and deliberation on this issue,

Jun Shin,
Board Member At-Large
Young Progressives Demanding Action – Hawaii
1561 Kanunu St. #2106 Honolulu, HI 96814
Cell: 808-255-6663
Email: junshinbusiness729@gmail.com

SB-3023-SD-2

Submitted on: 3/19/2018 12:14:26 PM

Testimony for LAB on 3/20/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Irish Barber	IATSE Local 665	Support	No

Comments:

SB-3023-SD-2

Submitted on: 3/15/2018 8:03:19 PM

Testimony for LAB on 3/20/2018 10:00:00 AM

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

Comments:

SB-3023-SD-2

Submitted on: 3/18/2018 7:26:27 PM

Testimony for LAB on 3/20/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Dawn Morais Webster Ph.D.	Individual	Comments	No

Comments:

I fully support eliminating a minimum wage system that creates a form of economic apartheid for those who are already dealing with the challenges of disability. It is demenaning to the individual and does not speak well for who we are as a society.

I truly do not understand the need to further research the minimum wage and its impact/need. DBEDT completed a study just last year that demonstrated beyond any shadow of a doubt that working families are not meeting self-sufficiency standards for survival in this high cost state. Our streets and homeless encampments scream the same message. We need to stop studying this subject to death and do something to help working families by raising the minimum wage to \$15 an hour.

SB-3023-SD-2

Submitted on: 3/19/2018 12:02:01 AM

Testimony for LAB on 3/20/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Ann S Freed	Individual	Support	No

Comments:

Aloha Chair, Vice Chair and members,

I am in strong support of this measure. Hawaii's workforce deserves a living wage.

Ann S. Freed

Mililani

Supporting SB 3023 – Relating to Minimum Wage

Dear Chair Johanson and members of the Committee,

I testify in STRONG SUPPORT and want to thank you for hearing this bill to finally end the discrimination against disabled workers. This bill would make sure that the rights enjoyed by the rest of the state's residents are no longer denied to the disabled community.

Today you have the opportunity to choose to be on the right side of history when you side with disabled workers who are fighting for their rights rather than siding with the employers looking to continue to exploit them.

The state should not be deciding which groups are denied the right to a minimum wage. If the state decided that women, or minorities weren't given the right to a minimum wage because they were viewed as "less valuable" than men or whites, this would be viewed as unconstitutional in an instant. However, since its the disabled community that is having their rights violated, people somehow think it's acceptable. Exploiting people based on a gap in the federal law is not a position the state should be in.

These laws that exclude humans from enjoying the rights held by others will eventually be ruled as unconstitutional at some point, the only question is whether Hawaii will have led the charge against this injustice or be the ones reluctantly following the ruling.

I can only assume that if any of you had a disabled child or were disabled yourself that you would most certainly side with the disabled community. So I ask you to please consider putting yourself in the shoes of those fighting for their rights while making your decision.

Thank you,

Nate Hix

TO: House Committee on Labor & Public Employment
HEARING: Tuesday, March 20, 2018, 9:00 AM
PLACE: Conference Room 309
FROM: Randy Ching
RE: SB3023, SD2 -- Relating to Minimum Wage
ATTENDING HEARING: No

Chair Johanson, Vice Chair Holt, and members of the Committee:

I strongly support SB3023, SD2. Current law allows employers to pay workers with disabilities sub-minimum wages. It is already almost impossible for workers in Hawai'i to make ends meet while earning the regular minimum wage. We should have one wage floor for all workers in our state.

Research shows that higher wages are good for business. Worker morale, productivity and loyalty go up, which reduces employers' turnover, hiring, and training costs. Any extra money earned by minimum wage workers tends to be plowed right back into local businesses, causing positive ripple effects throughout the economy.

Our state's minimum wage is \$10.10 an hour, or just \$21,000 a year for full-time work. With the highest cost of living in the nation, it's no wonder that so many Hawai'i residents are struggling to stay out of -- or escape -- poverty and homelessness.

Mahalo for the opportunity to submit testimony about this important bill. Please pass SB3203 SD2.

Aloha Committee,

My name is Shannon Cantan, and I was born in a small town on the big island called Ka'u. Another thing about me, I am blind. Growing up in such a small town, there existed no other blind people besides myself and my two brothers, we suffered the same troubles as many other blind youth, we were both overrated, and underrated at the very same time. Overrated in the sense that simply existing was an accomplishment, I was a second string lineman on a football team that won zero games, but I was great simply for trying. I was also under rated because I had so much more to offer to the world than the so-called professionals would give me credit for. I understood my full potential when I moved to Boston Massachusetts, where I learned about myself. I was able to push myself to heights never seen, no longer was I held down by low expectations, the only person I had to blame was myself. I tell you this because if I were to have left high school at age 17, I would simply have accepted a job for three dollars an hour because I would not have understood what else I could have done. That is where the problem begins, with so many amazing disabled adults who have not seen what they are fully capable of. Due to society's low expectations, continuing to say that paying persons with disabilities less because they are less, will not help the problem.

Shannon KS. Cantan

1250 Richard Ln., number A203, Honolulu HI, 96819 Board Member | National Association of Blind Students

Co-chair outreach committee

(808) 785-5186

ShannonCantan.NFB@gmail.com

To Chair Rep. Johanson and members of the House Committee on Labor and Public Employment,

I support SB 3023 SD 2. I believe that workers that are so-called "physically or intellectually challenged" should not be paid sub-minimum wages or benefits. They should not be discriminated against by any employer, be it private, government or even non-profit. They should get the same wage rates like everyone else. Their labor should be valued and respected. I worked as a State employee with the "disabled" with the Department of Health at Waimano Home and Training School in Pearl City and also at Hale Hauole on Kauai. For example, they were tasked with attaching headphones, cleaning and washing dishes at restaurants and working on farms at harvesting produce etc They did the same work like others employed but at lower rates. That is not fair. They are not second class citizens and are well aware of their mistreatment.

I also support having a study on how the increase to the minimum wage of \$15 an hour will affect the economy. Studies have already been done by the State's Department of Business, Economic Development and Tourism, the non-profit Appleseed research organization and the Aloha United Way .Please look at these studies, which will prove that an increase in the minimum wage to \$15 an hour or a more living wage will benefit our lowest paid workers and the overall economy. The "sky will not fall as predicted" by naysayers.

Mahalo,

Ray Catania Puhī, Kauai (808) 631-6748 may11nineteen71@gmail.com

SB 3023

SD-2

**LATE
TESTIMONY**



**LANAKILA
PACIFIC**

Building Independence for Challenged Lives

PRESIDENT & CEO
Marian E. Tsuji

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Hawaii House of Representatives
Committee on Labor & Public Employment
Rep. Aaron Ling Johanson, Chair
Rep. Daniel Holt, Vice Chair
Tuesday, March 20, 2018, 10:00 AM
Conference Room 309

RE: SB3023 SD2 RELATING TO MINIMUM WAGE

Good Morning Chair Johanson, Vice Chair Holt and members of the Labor & Public Employment Committee,

Lanakila Pacific is a local non-profit that has been providing work training and employment to individuals with disabilities for 79 years. While we support the concept of this bill, we strongly oppose its outcome.

Lanakila Pacific currently employs 73 individuals who have medically documented disabilities. They are all paid prevailing wages with most paid \$11/hour and above.

We also provide work training for individuals with disabilities with the intended goal of competitive employment. They are paid commensurate wages --- according to their productivity --- also called sub-minimum wages.

In order to support and encourage their success, Lanakila Pacific also employs seven professionals: Rehabilitation Counselors, Employment Specialists, Skills Trainers, and Job Coaches who provide daily, on-site support to address the challenges our employees and trainees face. They also evaluate the appropriateness of the work. As with all employees, with or without a disability, sometimes the worker and the work do not match. In these cases the Certified Rehabilitation Counselor assesses the situation and identifies the barriers to the employee's success. If the job is not a match, an Employment Specialist helps the employee develop a more appropriate career path. They are assisted with job placement or are referred to an appropriate program to achieve their goals.

We also used to employ and train about 30 individuals with disabilities in our sheltered workshop. These individuals generally performed piece rate work. Those who were able, "graduated" and secured competitive employment. Those who were not able to be competitively placed enjoyed a place where they belonged, where they could contribute their skills, and earn some money. The meaningfulness of work was derived from a pride of belonging, accomplishing something, and being compensated for it.

To my regret, we closed the program when the State indicated they would not support “sheltered” work programs. About half of the workers transferred to an Adult Day Program, and the other half now stay at home. There was no other comparable program to transition to.

Certainly, everyone should have the opportunity to earn a competitive wage and be appropriately compensated for the work that is performed. Everyone should be pushed to their greatest capacity and no one should be held down. But we need to also respect the fact that everyone’s capacity is different; and we need to provide different opportunities that can fulfill a continuum of capabilities. Eliminating the subminimum wage certificate will certainly eliminate employment for those who are our most vulnerable and most unable to speak out for themselves. Neither does it guarantee that more individuals with disabilities will be employed.

We all want the same thing: meaningful work opportunities with appropriate compensation for individuals with disabilities. We are not going to get there by eliminating sub-minimum wage certificates. We need a plan that includes individuals with all abilities. This can include:

- Addressing the abuse of the subminimum wage certificates. Providing the resources for better enforcement and better training for users of the certificates.
- Supporting the agencies that work with individuals with disabilities. DDD and DVR have new programs that promote competitive employment and training for transition students leaving high school. Let’s see how they roll out in the coming year.
- Educating employers so they can overcome the stereotypes associated with hiring individuals with disabilities. Teach employers how to best support a potentially valuable employee.
- And starting with a mandate that each state department fill 10% of their positions with individuals with disabilities. This can later be expanded to all companies who hold state contracts.

Eliminating a tool that enables those who need the most support from us is not the answer to eliminating unfair labor practices. It only further excludes, rather than includes, all into the workforce.

Thank you for your consideration.



Progressive Democrats of Hawai'i

<http://pd-hawaii.com>

1418 Mokuna Pl, HON HI 96816

email: info@pd-hawaii.com

March 19, 2018

To: House Committee on Labor and Public Employment
Rep. Aaron Ling Johanson, Chair
Rep. Daniel Holt, Vice Chair

Re: SB 3023, SD 2 – Minimum Wage for Disabled Persons

Hearing: Tuesday, March 20, 2018, 10:00 a.m. Room 309

Position: Strong Support

LATE

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 very difficult economy in Hawai'i. This situation must stop and HRS Section 387-9 must be appropriately amended.

We strongly support SB 3023, SD 2, and we urge the Committee to pass it with an early effective date.

Some people may speculate that disabled persons may be unable to benefit from anything other than subminimum-wage sheltered employment. The reality, at least according to decades of research and independent organizations of people with disabilities (led by people who actually have disabilities), is that subminimum-wage sheltered employment is not good for anyone. Workers actually become less productive in those work environments. They have less incentive to strive for the training that will make them more productive. They are segregated from society and learn to think of themselves as second-class citizens, which their meager paychecks reaffirm over and over.

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 / 486-1018



Committee on Labor and Public Employment
Representative Aaron Ling Johanson, Chair
Representative Daniel Holt, Vice Chair
Hawaii State Capitol
415 South Beretania Street
Honolulu, Hawaii 96813

LATE

Dear Representatives Ling Johanson and Holt:

The National Down Syndrome Society, the leading human rights organization for all individuals with Down syndrome, supports the passage of Senate Bill 3023, Senate Draft 2 to end the payment of subminimum wages to workers with ALL disabilities.

By ending subminimum wage, this bill would recognize that workers with disabilities have the potential to succeed in integrated, meaningful, competitive employment settings and will get paid real wages for real work. Currently Maryland, New Hampshire, Vermont and Alaska have similar legislation in place.

With over 375 affiliate groups spanning across all 50 states, NDSS works tirelessly on the federal and state levels to break down barriers and create opportunities for individuals with Down syndrome to be included in all aspects of society and fulfill their hopes and dreams. Individuals with Down syndrome are working, getting married and integrating into their communities now more than ever. They deserve to be paid a fair wage.

We envision a world in which all people with Down syndrome have the opportunity to enhance their quality of life, realize their life aspirations and become valued members of welcoming communities. We hope that Hawaii will end sub-minimum wages, and we thank you for your leadership regarding this important piece of legislation.

Sincerely,

A handwritten signature in black ink that reads "Ashley Helsing". The signature is written in a cursive style with a large, looped "A" and "H".

Ashley Helsing
Director of Government Relations
National Down Syndrome Society
AHelsing@ndss.org
202-766-2407

SB-3023-SD-2

Submitted on: 3/19/2018 8:02:31 PM

Testimony for LAB on 3/20/2018 10:00:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Yvonne de Luna	Individual	Comments	No

Comments:

Since this is a bill for DBEDT to study the impact of raising the minimum wage and recommending how it should be adjusted in the future, including its impact on persons with disabilities, I support keeping as an option the special minimum wage certificate but also supporting other policies and programs that encourage employment of persons with disabilities. Another measure, SB 2050, currently under review at the legislature, is also supportive of employment, enabling individuals with disabilities to earn more income while allowing them to retain their Medicaid coverage under an Earned Income Disregard Program with the Department of Human Services.

LATE



Board of Directors:

**House Committee on Labor & Public Employment
Hawai'i Alliance for Progressive Action supports: SB 2990 SD2**

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Aloha Chair Johanson, Vice Chair Holt and Committee Members,

I am writing on behalf of the Hawai'i Alliance for Progressive Action (HAPA) in strong support of SB 2990, SD2, which would require the Department of Labor and Industrial Relations to establish paid family leave for all workers by 2020, with workers receiving benefits by 2022. The measure would also establish the Paid Family Leave Implementation Board to assist the Department, and would require the Legislative Reference Bureau to conduct a study on the implementation of paid family leave.

Currently, Hawaii employees do not have a right to paid medical or family leave. The federal Family Medical Leave Act (which leaves out 40 percent of the state's workforce) provides for unpaid leave with job protection up to 12 weeks for employers with 50 or more employees. The Hawaii Family Leave Act applies to employers with 100 or more employees and allows for job protection up to four weeks. This is also unpaid leave.

According to the U.S. Department of Labor, Bureau of Labor Statistics, about 13 percent U.S. workers had access to paid family leave through their employers in 2014. Women are often disproportionately affected. The lack of paid family leave exacerbates the gender wage gap for women and affects the economic stability for both women and men who are caregivers.

SB 2990, SD2 would help working families by requiring the Department of Labor and Industrial Relations to develop a paid family leave program that would provide:

- Universal coverage – all people and employers would participate in the system
- Job Protection – if a person is not guaranteed a job upon completion of the leave, they likely will not take the leave

The Hawai'i Alliance for Progressive Action (HAPA) is a public non-profit organization under Section 501(c)(3) of the Internal Revenue Code. HAPA's mission is to catalyze community empowerment and systemic change towards valuing 'aina (environment) and people ahead of corporate profit.



- Progressive Wage Replacement – Many families live paycheck to paycheck and would never be able to take time off if unpaid or if paid only a small percentage of their usual wages.

To further strengthen this measure, I respectfully request the Committee to amend the bill to add the following:

- A guarantee of sixteen (16) weeks of paid family leave
- A broad definition of family, including a process by which a covered individual may designate a non-relative as family for purposes of caregiving
- A requirement that the program operate as social insurance

By creating a comprehensive Paid Family Leave Program, all families and the community will benefit.

Mahalo,

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