

HAWAI‘I CIVIL RIGHTS COMMISSION

830 PUNCHBOWL STREET, ROOM 411 HONOLULU, HI 96813 • PHONE: 586-8636 • FAX: 586-8655 • TDD: 568-8692

February 20, 2020
Rm. 308, 12:00 p.m.

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

From: Liann Ebesugawa, Chair
and Commissioners of the Hawai‘i Civil Rights Commission

Re: H.B. No. 1701, H.D. 1

The Hawai‘i Civil Rights Commission (HCRC) has enforcement jurisdiction over Hawai‘i’s laws prohibiting discrimination in employment, housing, public accommodations, and access to state and state funded services (on the basis of disability). The HCRC carries out the Hawai‘i constitutional mandate that no person shall be discriminated against in the exercise of their civil rights. Art. I, Sec. 5.

HCRC supports H.B. No. 1701, H.D. 1.

H.B. No.1701, H.D. 1, if enacted, will amend HRS §§ 378-2.3 and 378-2.4, the Hawai‘i state law equal pay law.

Specifically, Section 2 of the bill amends HRS § 378-2.3 in six respects: 1) to prohibit discrimination in compensation on not only the basis sex, but on an expanded number of protected bases, the same protected bases as those protected under HRS § 378-2(a)(1) (race, sex, including gender identity or expression, sexual orientation, age, religion, color, ancestry, disability, marital status, arrest and court record, or domestic or sexual violence victim status); 2) to expand equal pay protections to all employees, not just to employees who work in the same “establishment;” 3) to change the HRS 378-2.3 prohibition against discrimination in compensation for “equal work” to a prohibition against discrimination in compensation for “substantially similar work;” 4) to amend HRS § 378-2.3(b), making it expressly clear that the four affirmative defenses to an equal pay claim that employers can establish must be based on *non-discriminatory* factors; 5) to amend HRS § 378-2.3 by adding new subsections (d) and (e), which provide that employers cannot cure an equal pay violation by reducing the wage rate of a higher-paid employee, and an employee’s agreement to a lower rate of pay is not a defense to an equal

pay claim; and, 6) to amend HRS § 378-2.3 by adding a new subsection (f), to expressly state that a violation of the equal pay law under that section occurs each time an individual is affected by a discriminatory compensation decision or practice, including each time (discriminatory) compensation is paid..

Discussion of the merits of the specific proposed amendments requires understanding the federal Equal Pay Act (EPA) and its relationship to the Title VII prohibition against discrimination with respect to compensation, but it is crucial to recognize the differences between federal law and state equal pay law, HRS §§ 378-2.3 and 378-2.4, and the state fair employment law prohibition against discrimination in compensation, HRS § 378-2(a)(1). The HCRC offers the following discussion to inform and support the legislature's consideration of and deliberation over the proposed amendments to the state equal pay law.

Federal Law: Differences and Interplay Between EPA and Title VII

The Equal Pay Act of 1963 predated Title VII of the Civil Rights Act of 1964.

The EPA prohibits wage discrimination on the basis of sex between employees within any "establishment," by paying employees of one sex at a lower rate than is paid to employees of the opposite sex for equal work, the performance of which requires equal skill, effort, and responsibility, and which are performed under similar working conditions.

The EPA provides for four affirmative defenses, permitting differences in wages if the differential is caused by: (i) a seniority system; (ii) a merit system; (iii) a system that measures earnings by quantity or quality of production; or (iv) a differential based on any other factor other than sex.

Title VII prohibits discrimination in compensation, terms, conditions, or privileges of employment, based on race, color, religion, sex, or national origin.

Key differences between the EPA and Title VII

Scope of protection. The EPA is limited to sex-based differentials in wages. It does not prohibit discrimination in other aspects of employment, nor prohibit discrimination on bases other than sex, as prohibited under Title VII.

Scope of coverage. EPA coverage is limited to employers who are subject to the Fair Labor Standards Act, so the EPA covers employers who have annual sales exceeding \$500,000 or are engaged in interstate commerce, regardless of the number of employees, but excludes certain industries. In contrast, Title VII covers employers of 15 or more employees.

"Equal work" requirement. The EPA prohibits wage discrimination based on sex for equal work, the performance of which requires equal skill, effort, and responsibility. Restrictive federal court interpretations of this "equal work" requirement have made it nigh near impossible for most complainants and plaintiffs to establish prima facie EPA claims. In contrast, Title VII analysis does not require "equal work," but looks at how similarly situated employees are treated.

Affirmative defenses. The EPA provides for four affirmative defenses, including the defense that a challenged wage differential is based on “any factor other than sex.” There has been disagreement between the federal circuits as to whether this catch-all defense recognizes only legitimate business-related factors other than sex, or literally and any factor other than sex. The broad catch-all defense has been interpreted to rule out mixed-motive claims.

A June 12, 1964, amendment to Title VII, known as the Bennett Amendment, imported the EPA defenses into Title VII’s framework for analysis of sex-based discrimination in compensation. There has been no similar amendment to our state fair employment statute.

EPA does not require proof of discriminatory intent. The EPA only requires proof of pay differential between employees of opposite sexes in the same establishment for equal work. Once this is proven, employer has the opportunity to establish one of the four affirmative defenses. If no affirmative defense, an EPA violation has been established. In most Title VII discrimination cases, discriminatory intent is proved by inference, using the basic *McDonnell Douglas* analytical framework that is applied in employment discrimination cases based on circumstantial evidence.

Remedies. The EPA and Title VII have different remedies, with EPA remedies set forth in the Fair Labor Standards Act, not in Title VII.

State Law: Differences and Interplay Between EPA and HRS § 378-2

Hawai‘i enacted its fair employment law in 1963, prohibiting discrimination in hiring, employment, barring or discharging from employment, or otherwise discriminating in compensation, terms, conditions, or privileges of employment. That protection, as subsequently amended, is found at HRS § 378-2(a)(1):

§378-2 Discriminatory practices made unlawful; offenses defined. (a) It shall be an unlawful discriminatory practice:

(1) Because of race, **sex including gender identity or expression**, sexual orientation, age, religion, color, ancestry, disability, marital status, arrest and court record, or domestic or sexual violence victim status if the domestic or sexual violence victim provides notice to the victim's employer of such status or the employer has actual knowledge of such status:

(A) For any employer to refuse to hire or employ or to bar or discharge from employment, **or otherwise to discriminate against any individual in compensation** or in the terms, conditions, or privileges of employment;

* * * * *

In contrast to the development of federal law, our state equal pay law which was modeled on the federal EPA, did not pre-date the enactment of this comprehensive fair employment law prohibiting discrimination on numerous bases in all aspects of employment, including compensation. The state equal

pay law was first enacted in 2005, 2005 Haw. Sess. Laws Act 35, and amended in 2018, 2018 Haw. Sess. Laws Act 108, to add protection against retaliation and a prohibition against employer inquiries into salary history.

It is important to note that Section 1 of the 2005 Act 35 expressly states, “*It is not the intent of the legislature to affect or diminish the existing, broader protections provided under part I of chapter 378, Hawaii Revised Statutes.*”

The state equal pay law, as amended, is codified at HRS §§ 378-2.3 and 378-2.4:

§378-2.3 Equal pay; sex discrimination. (a) No employer shall discriminate between employees because of sex, by paying wages to employees in an establishment at a rate less than the rate at which the employer pays wages to employees of the opposite sex in the establishment for equal work on jobs the performance of which requires equal skill, effort, and responsibility, and that are performed under similar working conditions. Payment differentials resulting from:

- (1) A seniority system;
- (2) A merit system;
- (3) A system that measures earnings by quantity or quality of production;
- (4) A bona fide occupational qualification; or
- (5) A differential based on any other permissible factor other than sex[,]

do not violate this section.

(b) An employer shall not retaliate or discriminate against an employee for, nor prohibit an employee from, disclosing the employee's wages, discussing and inquiring about the wages of other employees, or aiding or encouraging other employees to exercise their rights under this section. [L 2005, c 35, §2; am L 2018, c 108, §3]

And,

[§378-2.4] Employer inquiries into and consideration of salary or wage

history. (a) No employer, employment agency, or employee or agent thereof shall:

- (1) Inquire about the salary history of an applicant for employment; or
- (2) Rely on the salary history of an applicant in determining the salary, benefits, or other compensation for the applicant during the hiring process, including the negotiation of an employment contract.

(b) Notwithstanding subsection (a), an employer, employment agency, or employee or agent thereof, without inquiring about salary history, may engage in discussions with

an applicant for employment about the applicant's expectations with respect to salary, benefits, and other compensation; provided that if an applicant voluntarily and without prompting discloses salary history to an employer, employment agency, or employee or agent thereof, the employer, employment agency, or employee or agent thereof, may consider salary history in determining salary, benefits, and other compensation for the applicant, and may verify the applicant's salary history.

(c) This section shall not apply to:

- (1) Applicants for internal transfer or promotion with their current employer;
- (2) Any attempt by an employer, employment agency, or employee or agent thereof, to verify an applicant's disclosure of non-salary related information or conduct a background check; provided that if a verification or background check discloses the applicant's salary history, that disclosure shall not be relied upon during the hiring process for purposes of determining the salary, benefits, or other compensation of the applicant, including the negotiation of an employment contract; and
- (3) Public employee positions for which salary, benefits, or other compensation are determined pursuant to collective bargaining.

(d) For purposes of this section:

"Inquire" means to:

- (1) Communicate any question or statement to an applicant for employment, an applicant's current or prior employer, or a current or former employee or agent of the applicant's current or prior employer, in writing, verbally, or otherwise, for the purpose of obtaining an applicant's salary history; or
- (2) Conduct a search of publicly available records or reports for the purpose of obtaining an applicant's salary history; provided that this shall not include informing an applicant, in writing or otherwise, about the proposed or anticipated salary or salary range for the position.

"Salary history" includes an applicant for employment's current or prior wage, benefits, or other compensation, but shall not include any objective measure of the applicant's productivity, such as revenue, sales, or other production reports. [L 2018, c 108 §2]

Differences between the HRS § 378-2 prohibition against discrimination in employment, including compensation, and the equal pay protections of HRS § 378-2.3 and the HRS § 378-2.4 prohibition against employer inquiries into salary history

Scope of protection. The protections of HRS §§ 378-2.3 and 378-2.4 are limited to sex-based differentials in wages and prohibited inquiries into salary history, respectively. They do not prohibit discrimination in other aspects of employment, nor prohibit discrimination on bases other than sex, as prohibited under HRS § 378-2.

Scope of coverage. There is no difference in coverage, as HRS chapter 378, part I, covers employers of one or more employees.

“Equal work” requirement. HRS § 378-2.3, like the federal EPA, prohibits wage discrimination based on sex for equal work, the performance of which requires equal skill, effort, and responsibility. It is unfortunate that the state law is modeled after the EPA in this respect. While restrictive federal court interpretations of the EPA “equal work” requirement are not binding on state courts’ interpretation of state law, they can be considered persuasive guidance, particularly where the state statute does not differ from the federal law in relevant detail. *Furukawa v. Honolulu Zoological Soc.*, 85 Hawai‘i 7, 13 (1997).

HRS § 378-2 analysis does not require “equal work,” but looks at how similarly situated employees are treated.

Affirmative defenses. HRS § 378-2.3, like the federal EPA, provides for four affirmative defenses, including the defense that a challenged wage differential is based on “any factor other than sex.” It is unfortunate that the state law is modeled after the EPA in this respect. While restrictive federal court interpretations of the EPA affirmative defenses are not binding on state courts’ interpretation of state law, they can be considered persuasive guidance, particularly where the state statute does not differ from the federal law in relevant detail. *Furukawa v. Honolulu Zoological Soc.*, 85 Hawai‘i 7, 13 (1997).

As noted above, a June 12, 1964, amendment to Title VII, known as the Bennett Amendment, imported the EPA defenses into Title VII’s framework for analysis of sex-based discrimination in compensation. There has been no similar amendment to our state fair employment statute and, more so, the original 2005 equal pay act, 2005 Haw. Sess. Laws Act 35, § 1, expressly states that it was not the intent of the legislature to diminish existing, broader protections provided under part I of chapter 378 (including § 378-2) HRS, so the affirmative defenses provided for HRS § 378-2.3 claims *are not* imported or applicable to HRS § 378-2 claims of discrimination in compensation.

HRS § 378-2.3 and the HRS § 378-2.4 do not require proof of discriminatory intent. HRS § 378-2.3, like the federal EPA, only requires proof of pay differential between employees of opposite sexes in the same establishment for equal work. Once this is proven, employer has the opportunity to establish one of the four affirmative defenses. If no affirmative defense is proven, an HRS § 378-2.3 violation has been established.

Similarly, an HRS § 378-2.4 violation is established by evidence of an unlawful inquiry about or consideration of salary history, without proof of discriminatory intent, except that an employer can consider salary history that is disclosed by an applicant voluntarily and without prompting.

In most HRS § 378-2 cases, discriminatory intent is proved by inference, using the basic *McDonnell Douglas* analytical framework that is applied in employment discrimination cases based on circumstantial evidence.

Remedies. There is no difference in remedies for violations of HRS §§ 378-2, 378-2.3, and 378-2.4, as provided in HRS §§ 378-5 and 368-17.

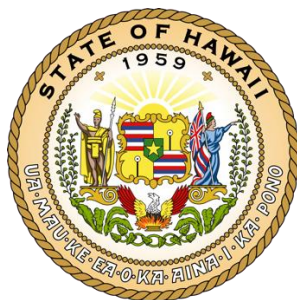
The HCRC supports H.B. No. 1701, H.D. 1.

HRS § 378-2(a)(1) already prohibits discrimination in compensation based on race, sex, including gender identity or expression, sexual orientation, age, religion, color, ancestry, disability, marital status, arrest and court record, or domestic or sexual violence victim status.

If the legislature amends § 378-2.3 to add the protected bases in addition to “sex,” the legislative intent expressed in Section 1 of the bill, at page 2, lines 2-5, is critically important: “ It is not the intent of the legislature to affect or diminish the existing, broader protections provided under part I of chapter 378, Hawaii Revised Statutes.” With that clear expression of legislative intent, the HCRC supports H.B. No. 1701, H.D. 1.

The proposed amendments to HRS § 378-2.3, if enacted, will create relevant differences between the state equal pay statute and the federal EPA. Those differences and the legislature’s statement of its legislative intent will effectively preclude the importation and adoption of restrictive interpretations of the federal EPA.

Enactment of the existing HRS § 378-2.3(b) prohibition against retaliation against employees for disclosing, discussing, or inquiring, or aiding or abetting or encouraging the exercise of rights under the statute, was an important step toward the kind of transparency that will serve to facilitate achievement of pay equity. The proposed amendment of HRS § 378-2.4 to require employer posting and disclosure of pay information and ranges is intended to provide additional transparency. In the absence of such transparency, it is difficult for applicants and employees to have knowledge and evidence of equal pay violations.



‘O kēia ‘ōlelo hō’ike no ke
Komikina Kūlana Olakino o Nā Wāhine

Testimony on behalf of the
Hawai‘i State Commission on the Status of Women

Prepared for the House Committee on Finance

In Support of HB1701 HD1
Thursday, February 20, 2020, at 12:00 p.m. in Room 308

Dear Chair Luke, Vice Chair Cullen, and Honorable Members,

The Hawai‘i State Commission on the Status of Women writes in **support** of HB1701 HD1, which would promote pay equality by conforming statutory prohibitions against wage discrimination with other prohibitions on employment discrimination and requiring employers to disclose wage ranges to employees and prospective employees.

According to a recent report by the U.S. Bureau of Labor Statistic, extreme gender disparities in pay persist and the gender wage gap in Hawai‘i is worsening. Women make 82.6 cents to every dollar earned by men. The wage gap is even more pronounced for women of marginalized identities. The widest disparities exist among earnings of Native Hawaiian and immigrant women (naturalized or undocumented). If trends continue, Hawai‘i will not achieve equal pay until 2100. This trend contributes to higher poverty rates among women of color.

Social science research has also shown that women are often penalized for initiating pay negotiation. The requirement that employers disclose a “pay scale” or comparative information on salary for comparable workers for the position sought within an organization would help alleviate implicit biases and address the negative impact on women who negotiate starting compensation.

Accordingly, the Commission respectfully urges the Committee to pass HB1701 HD1.

Sincerely,

Khara Jabola-Carolus

Statement Before The
HOUSE COMMITTEE ON FINANCE
Wednesday, February 20, 2020
12:00 PM
State Capitol, Conference Room 308

in consideration of
HB 1701, HD1
RELATING TO EQUAL PAY.

Chair LUKE, Vice Chair CULLEN, and Members of the House Finance Committee

Common Cause Hawaii provides comments in support of HB 1701, HD1, which would (1) conform statutory prohibitions against wage discrimination with other prohibitions on employment discrimination; (2) clarify allowable justifications for compensation differentials and remedies for pay disparity; and (3) require employers to disclose wage ranges to employees and prospective employees.

Common Cause Hawaii is a nonprofit, nonpartisan, grassroots organization dedicated to reforming government and strengthening democracy - one that works for everyone and not just the special interests.

Common Cause Hawaii understands that pay equity is a crucial feature of successful democratic societies and effective democratic governments. Pay equity will reduce barriers that have made it more difficult for everyday Americans, especially women and people of color, to participate in our democracy.

Thank you for the opportunity to comment in support of HB 1701, HD1. If you have further questions of me, please contact me at sma@commoncause.org.

Very respectfully yours,

Sandy Ma
Executive Director, Common Cause Hawaii

HB-1701-HD-1

Submitted on: 2/18/2020 1:30:19 PM

Testimony for FIN on 2/20/2020 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Laurie Field	Hawaii Women's Coalition	Support	No

Comments:

Dear Chair Luke, Vice Chair Cullen, and Members of the Committee,

The Hawaii Women’s Coalition writes in support of H.B. 1701 HD1, to establish Hawaii as a leader in the field of pay equity, as Hawaii has led the way in civil rights. The gender pay gap has worsened in Hawaii: the median annual earnings for women were 84 percent of men’s earnings in Hawaii in 2015 and 83 percent in 2018. Hawaii is considered as a state with moderate equal pay protection. California, Colorado, Illinois, Maryland, Massachusetts, New Jersey, New York, Oregon, and Washington are considered as states with strong equal pay protection. While passage of Act 108 in 2018 that became effective January 1, 2019 was a step towards ensuring pay equity, this bill would increase pay transparency and provide a strong equal pay protection with a minimal cost or disruption to employers.

Research shows that workers stay longer and are more productive when working for companies which treat them with dignity. A recent Harvard-Berkeley study showed that pay inequality decreased worker attendance, cooperation, and output.

Salary transparency and attempts at pay equity will attract millennials and make businesses more attractive in a competitive market. Being up front about wages saves businesses time so that they are not interviewing candidates that will eventually turn them down. In addition to fairness, this is also about efficiency. Salary ranges help employers control their pay expenses and ensure pay equity among employees. It is critical that employers have rational explanations for why they pay their employees a certain rate, and defined salary ranges help accomplish that.

The gender pay gap is found across ethnic/racial groups, age groups, educational groups, and occupational groups. Native Hawaiian and Pacific Islanders women’s median annual earnings were 62 percent of white men’s earnings. It also penalizes all

households in Hawaii, since many households rely on the paychecks of more than one household member. It penalizes children excessively because many children reside in female-headed households. If the \$8,149 annual gender pay gap is eliminated, a working woman in Hawaii would have enough money to purchase 11.2 additional months of child care and 5.5 additional months of rent.

Thank you for your support for this important measure to promote fairness and equity in the workplace.

Sincerely,

Hawaii Women's Coalition

The Thirtieth Legislature
Regular Session of 2020

HOUSE OF REPRESENTATIVES

Committee on Finance

Rep. Sylvia Luke, Chair

Rep. Ty J.K. Cullen, Vice Chair

State Capitol, Conference Room 308

Thursday, February 20, 2020; 12:00 p.m.

STATEMENT OF THE ILWU LOCAL 142 ON H.B. 1701, H.D.1 RELATING TO EQUAL PAY

The ILWU Local 142 strongly supports H.B. 1701, H.D.1, which conforms statutory prohibitions against wage discrimination with other prohibitions on employment discrimination, clarifies allowable justifications for compensation differentials and remedies for pay disparity and requires employers to disclose wage ranges to employees and prospective employees

Unfortunately, a gender pay gap exists in Hawaii and across the United States. Studies reveal that women are often paid twenty or more cents less than men for equal and comparable work and that clearly needs to change. The ILWU Local 142 applauds the legislature for taking action to help ensure all workers are paid equally and fairly.

The ILWU Local 142 recommends passage of H.B. 1701, H.D.1. Thank you for the opportunity to share our views on this matter.

HB-1701-HD-1

Submitted on: 2/18/2020 4:14:24 PM

Testimony for FIN on 2/20/2020 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Mandy Fernandes	ACLU of Hawaii	Support	Yes

Comments:



HAWAII APPLESEED

CENTER FOR LAW & ECONOMIC JUSTICE

Testimony of the Hawai'i Appleseed Center for Law & Economic Justice
In Support of HB 1701, HD1 – Relating to Equal Pay
House Committee on Finance
Thursday, February 20, 2020, 12:00 PM, conference room 308

Dear Chair Luke, Vice Chair Cullen, and members of the Committee:

Thank you for the opportunity to provide testimony in **SUPPORT** of **HB 1701, HD1**. We commend you for passing Hawai'i's equal pay bill in 2018, which took strides to reduce the gender wage gap in our state. We urge you to continue making improvements by passing this bill this year.

According to the U.S. Bureau of Labor Statistics, Hawai'i women had median usual weekly earnings of \$797 in 2018, or 82.6 percent of the \$965 median usual weekly earnings of their male counterparts.ⁱ Unfortunately, that is a *decrease* of 10 percentage points from Hawai'i women's earnings peak at 92.8 percent of men's earnings in 2014.ⁱⁱ

If women earned the same pay as comparable men, not only would their pay increase, but poverty for women and their children would fall, too. The poverty rate among working women in Hawai'i would decrease by more than half, from 5.4 to 2.5 percent,ⁱⁱⁱ and the poverty rate for families headed by working single mothers would drop by close to half, from 21.3 to 10.7 percent.

In addition, if working women in Hawai'i received equal pay, 61.2 percent of working mothers would have increased earnings and the poverty rate among children of working mothers would fall by more than half, from 10.9 percent to 4.5 percent.

We can and should find ways to better ensure that our women and their children can find economic security in the Aloha State. Modest and common-sense proposals, such as requiring employers to release salary ranges to employees and job candidates, as contained within this bill, would move us closer towards that goal.

We appreciate your consideration of this testimony.

ⁱ <https://www.bls.gov/opub/reports/womens-earnings/2018/home.htm>

ⁱⁱ <https://www.bls.gov/opub/reports/womens-earnings/archive/highlights-of-womens-earnings-in-2014.pdf>

ⁱⁱⁱ <https://iwpr.org/wp-content/uploads/2017/05/C457.pdf>



AMERICANS FOR DEMOCRATIC ACTION

OFFICERS	DIRECTORS			MAILING ADDRESS
John Bickel, President	Melodie Aduja	Chuck Huxel	Stephen O'Harrow	P.O. Box 23404
Alan Burdick, Vice President	Juliet Begley	Jan Lubin	Lyn Pyle	Honolulu
Marsha Schweitzer, Treasurer	Ken Farm	Jenny Nomura		Hawai'i 96823
Doug Pyle, Secretary	Stephanie Fitzpatrick	Dave Nagaji		

February 19 , 2020

TO: Chair Luke and Finance Committee

RE: HB 1701 HD1 Relating to Equal Pay

Support for hearing on February 20

Americans for Democratic Action is an organization founded in the 1950s by leading supporters of the New Deal and led by Patsy Mink in the 1970s. We are devoted to the promotion of progressive public policies.

We support HB 1701 HD1 as the bill itself says, "in 2018, median annual earnings for women in Hawaii were just eighty-three per cent of men's earnings, which represents a seventeen per cent gap." This bill has a few provisions to remedy this injustice including clarifying allowable justifications for compensation differentials and remedies for pay disparity and requiring employers to disclose wage ranges to employees and prospective employees.

Thank you for your favorable consideration.

Sincerely,
John Bickel, President



HB-1701-HD-1

Submitted on: 2/18/2020 10:08:44 AM

Testimony for FIN on 2/20/2020 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Laurie Field	Planned Parenthood Votes Northwest and Hawaii	Support	No

Comments:



To: Chair Aaron Ling Johanson and members of the House Labor Committee
Subject: Testimony in SUPPORT of H.B. 1701
Date: February 18, 2020

Thank you for the opportunity to testify in SUPPORT of H.B. 1701 .

Despite the 1962 Equal Pay Act (EPA), we find we still need to legislate laws to reach the goal of “equal pay for equal work” as the Act intended. The EPA says: “No employer having employees subject to any provisions of this section shall discriminate, within any establishment in which such employees are employed, between employees on the basis of sex by paying wages to employees in such establishment at a rate less than the rate at which he pays wages to employees of the opposite sex in such establishment for equal work on jobs the performance of which requires equal skill, effort, and responsibility, and which are performed under similar working conditions, except where such payment is made pursuant to (i) a seniority system; (ii) a merit system; (iii) a system which measures earnings by quantity or quality of production; or (iv) a differential based on any other factor other than sex: Provided, That an employer who is paying a wage rate differential in violation of this subsection shall not, in order to comply with the provisions of this subsection, reduce the wage rate of any employee.”

In fact, the wage gap has closed since the 1960's, from about 55% to 80%.* The last 20 per cent disparity in wages persists as employers perpetuate the practice of hiring women for less. The measures in this bill will provide additional transparency by requiring employers to advertise salary ranges of job openings or reducing another employee wages as a defense.

The disparity in wages between men and women doing substantially similar work is real.

Lower wages for women mean that the children in households headed by women are more likely to have a lower standard of living. The poverty rate for female-headed families with children was 35.6 percent, compared to 17.3 percent for male-headed families with children and 6.6 percent of families with children headed by married couples, according to the National Women's Law Center.

After a lifetime of employment and lower salaries, women make less in retirement income and social security, resulting in more women retirees living in poverty. Nearly 3 million women ages 65 and older have incomes below poverty measures, and among older men, 1.6 million live in poverty based on the official poverty measure, according to the Kaiser Family Foundation.

Please vote for this bill which is aimed at making progress toward equal pay for equal work.

Sincerely,

Amy Monk
Co-Chair, Hawaii Democratic Party Women's Caucus

HB-1701-HD-1

Submitted on: 2/18/2020 10:39:43 AM

Testimony for FIN on 2/20/2020 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Patricia Bilyk	Breastfeeding Hawaii	Support	No

Comments:



Josh Frost - President • Patrick Shea - Treasurer • Kristin Hamada
Nelson Ho • Summer Starr

Wednesday, February 19, 2020

Relating to Equal Pay
Testifying in Support with amendment

Aloha Chair and members of the committee,

The Pono Hawai'i Initiative (PHI) **supports with amendments HB1701 HD1 Relating to Equal Pay**, which would promote pay equality by conforming statutory prohibitions against wage discrimination with other prohibitions on employment discrimination. The measure would also require employers to disclose wage ranges to employees and prospective employees.

When individuals don't receive equal and fair pay everyone suffers. These individuals can't contribute to the community, they can't pay rent, they can't buy local and as a result the whole community suffers. If the female is the head of household and isn't receiving equal and fair pay, then the family suffers, and poverty rates rise. Hawai'i has one of the highest costs of living in the nation and its gender wage gap is increasing, with Native Hawaiian and immigrant women suffering the most.

Knowing what the pay scale is and how much your coworkers are making is essential to remove biases and encourage transparency. Requiring the disclosure to current and prospective employers is crucial for progress. How do we expect individuals and families to be able to exist here if we do not give them the means to do so?

For all these reasons, we strongly urge you to move this bill forward with a **clean effective date**, there is no reason to delay equality.

Mahalo for the opportunity,
Gary Hooser
Executive Director
Pono Hawai'i Initiative

HB-1701-HD-1

Submitted on: 2/18/2020 1:28:14 PM

Testimony for FIN on 2/20/2020 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Younghi Overly	aaup of hawaii	Support	No

Comments:

Dear Chair Luke, Vice Chair Cullen, and Members of the Committee,

Members of AAUW of Hawaii are grateful for this opportunity to testify in strong support of H.B. 1701 HD1, which directly confronts the gender pay gap in Hawaii. This is an issue which hurts not only women but families. Approximately 52,000 Hawaiian households survive on female wages, and 17% of these families are struggling with incomes below the poverty level.[\[1\]](#) If the \$8,149 annual gender pay gap is eliminated, a working woman in Hawaii would have enough money, on average, to purchase 11.2 additional months of child care and 5.5 additional months of rent.[\[2\]](#) To make the situation worse, the gender pay gap has widened in Hawaii. The median annual earnings for women were 84% of men's earnings in Hawaii in 2015 (thus 16% gender pay gap) and were 83% in 2018 (thus 17% gender pay gap), barely above the 80% national average.[\[3\]](#)

Not only would this bill provide stronger equal pay protection for the employees, it would help businesses better manage their pay expenses, recruit and retain employees, and potentially improve employee morale.

- Research shows that workers stay longer and are more productive, when working for companies which treat them with dignity. A recent Harvard-Berkeley study showed that pay inequality decreased worker attendance, cooperation, and output.[\[4\]](#)
- Salary transparency and attempts at pay equity will attract millennials; will be more attractive in a competitive market.[\[5\]](#)
- Being up front about wages saves businesses time so that they are not interviewing candidates that will eventually turn them down. In addition to fairness, this is also about efficiency.[\[6\]](#)
- Salary ranges help employers control their pay expenses and ensure pay equity among employees. It is critical that employers have rational explanations for why they pay their employees a certain rate, and defined salary ranges help accomplish that.[\[7\]](#)

It's great to see that this bill also addresses the concerns some members of the business community had by clarifying the section on retaliation against employees who disclose or discuss other employees' salary to protect confidential information by including language from the 2019-2020 Paycheck Fairness Act passed by the U.S. House of Representatives.

Hawaii is considered as a state with only moderate equal pay protection. Nine other states (California, Colorado, Illinois, Maryland, Massachusetts, New Jersey, New York, Oregon, and Washington) have equal pay protection much stronger than the state of Hawaii.^[8] Members of AAUW of Hawaii believe Hawaii can do better and this bill's measures can succeed with a minimal cost or disruption to employers. We believe we can establish Hawaii as a leader in the field of pay equity, as Hawaii has led the way in civil rights.

The American Association of University Women (AAUW) of Hawaii is a state-wide organization made up of six branches (Hilo, Honolulu, Kauai, Kona, Maui, and Windward Oahu) and includes just over 650 active members with over 3800 supporters statewide. As advocates for gender equity, AAUW of Hawaii promotes the economic, social, and physical well-being of all persons.

Please pass this important measure and mahalo.

Younghee Overly

Public Policy Chair, AAUW of Hawaii

publicpolicy-hi@aauw.net

[1] National Partnership for Women and Families – Hawaii Women and the Wage Gap April 2017, <http://www.nationalpartnership.org/our-work/resources/workplace/fair-pay/4-2017-hi-wage-gap.pdf>

[2] National Partnership for Women and Families – What's the Wage Gap in the States, September 2018, <http://www.nationalpartnership.org/our-work/workplace/4-2018-wage-gap-map.html>

[3] National Partnership for Women and Families – America's Women and the Wage Gap, September 2018, <http://www.nationalpartnership.org/our-work/resources/workplace/fair-pay/americas-women-and-the-wage-gap.pdf>; National Partnership for Women and Families – Hawaii Women and the Wage Gap April 2017,

<http://www.nationalpartnership.org/our-work/resources/workplace/fair-pay/4-2017-hi-wage-gap.pdf>

[4] Emily Breza, Supreet Kaur & Yogita Shamdasanani 2016 “The Morale Effects of Pay Inequality,” *NBER Working Papers*, National Bureau of Economic Research

[5] Forbes, <https://www.forbes.com/sites/jessicalutz/2017/11/30/millennials-are-slowly-killing-salary-secrecy-and-thats-a-good-thing/#67a129946015>

[6] Glassdoor, “Is Salary Transparency More Than a Trend”, https://www.glassdoor.com/research/app/uploads/sites/2/2015/04/GD_Report_2.pdf

[7] Society for Human Resource Management, “How to Establish Salary Range”, <https://www.shrm.org/resourcesandtools/tools-and-samples/how-to-guides/pages/howtoestablishsalaryranges.aspx>

[8] AAUW Policy Guide to Equal Pay in the States, <https://www.aauw.org/resource/state-equal-pay-laws/>



THE QUEEN'S HEALTH SYSTEMS

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

From: Rowena Buffett Timms, Executive Vice President & Chief Administrative Officer, The Queen's Health Systems
Colette Masunaga, Manager, Government Relations & External Affairs, The Queen's Health Systems

Date: February 18, 2020

Hrg: House Committee on Finance Hearing; Thursday, February 20, 2020 at 12:00 P.M. in Room 308

Re: **Support for the intent with comments on HB 1701 HD1, Relating to Equal Pay**

The Queen's Health Systems (Queen's) is a not-for-profit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health care services in perpetuity for Native Hawaiians and all of the people of Hawai'i. Over the years, the organization has grown to four hospitals, 66 health care centers and labs, and more than 1,600 physicians statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Queen's appreciates the opportunity to testify in support for intent with comments on HB 1701 HD1, Relating to Equal Pay. The measure would amend the list of protected classes to under the Hawaii equal pay statute for consistency with state statute that prohibits employment discrimination; clarifies the factors utilized by employers in determining compensation; require disclosure of salary range information, and utilizes the term "substantially similar work" in state non-discrimination statutes.

Queen's fully understands and applauds the efforts of the Legislature to ensure that women and men are paid equally. We appreciate the opportunity to provide comments on the bill and clarify impacts to our system.

The bill clarifies the factors utilized to define substantially similar work. "Skills" is defined to mean the experience, ability, education, and training required to perform the job. However, this definition does not take into account the comparison between the experience required for the job versus what a particular candidate brings to the job. This difference could be broad and is a factor that impacts salary variation. For Queen's, a majority of our non-bargaining positions have broad salary ranges to take into consideration the differences in experience as well as future growth opportunities.

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.

The bill requires disclosure to an applicant the factors the employer considers in setting salary levels and upon hire, the employer is required to provide the wage range for the employee's job title and for jobs that are substantially similar. If candidates to a particular position are provided the full salary range, it will likely cause false expectations that candidates could come in at the top range. Consideration should be given to providing the portion of the range that the candidate's level of experience, ability, education, and training most accurately reflects the effort and responsibility required in performing the job. There are many factors that are assessed when determining a new hire rate and it is done without consideration to gender or race, but merely based on education and work experience that he/she can bring to the job.

The measure allows for disclosure of all hourly rates and salary ranges in all job listings, which may negatively impact morale among employees. At Queen's, we reference purchased national and local salary surveys that include benchmark jobs in which we employ. Through market data, we can compare multiple surveys and establish an average. From this information a determination can be made as to where a position may fit in the existing set of salary ranges. This market data can change from year to year and there may be times it is necessary to move a position to a higher or lower range based on the information.

Thank you for the opportunity to testify on this measure.

HB-1701-HD-1

Submitted on: 2/19/2020 11:12:07 AM

Testimony for FIN on 2/20/2020 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Golojuch Jr	LGBT Caucus of the Democratic Party of Hawaii	Support	No

Comments:

HB-1701-HD-1

Submitted on: 2/19/2020 11:19:49 AM

Testimony for FIN on 2/20/2020 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Pride at Work - Hawaii	Pride @ Work - Hawaii	Support	No

Comments:



House Committee on Finance
Thursday, February 20, 2020
Hawaii State Capitol, Room 325

In Opposition to HB 1701 HD1, Relating to Equal Pay

To: The Honorable Sylvia Luke, Chair
The Honorable Ty Cullen, Vice-Chair
Members of the Committee

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 51 Hawaii credit unions, representing over 800,000 credit union members across the state. We offer the following testimony in opposition to HB 1701 HD1, Relating to Equal Pay.

This bill conforms statutory prohibitions against wage discrimination with other prohibitions on employment discrimination, clarifies allowable justifications for compensation differentials and remedies for pay disparity, and requires employers to disclose wage ranges to employees and prospective employees.

While we understand the intent of this bill, we have concerns about the potential unintended consequences. The bill would cause another burden on businesses that are already struggling to do business in Hawaii, adding another layer of government oversight upon what the business can pay an employee. Further, while the intent of this bill is to protect employees from pay disparity, it may have the added effect of creating a difficult work environment, as employers are required to disclose pay ranges.

Thank you for the opportunity to provide comments on this issue.

TO: Chair Sylvia Luke; Vice Chair Ty J.K. Cullen; and Committee

FROM: Adrian Hong, President of Island Plastic Bags, Inc.

RE: HB 1701 HD1 RELATING TO EQUAL PAY

POSITION: OPPOSE

Thank you for the opportunity to submit testimony in opposition of HB 1701 HD1. My name is Adrian Hong and I am the president of Island Plastic Bags Inc. (IPB), a second-generation, family business in Halawa Valley that manufactures plastic trash liners and food grade bags. If passed the bill would impose overly-burdensome regulation upon business owners in the name of achieving equal pay.

While IPB supports equal pay, the company is concerned with HB 1701 for the following reasons:

Existing Law. It is already against the law for an employer to discriminate in setting employee wages based on gender. At the state level we have the Equal Pay Law, which clearly states that no employer shall discriminate based on gender when setting wages. At the federal level, the Equal Pay Act says that employers must pay equal wages to women and men in the same establishment for performing substantially equal work.

In 2009, Congress passed the Lilly Ledbetter Fair Pay Act, which extended the statute of limitations for filing an equal pay lawsuit. IPB believes these laws already cover the issue of gender wage discrimination.

No Due Process for Employers. IPB disagrees and opposes the presumption that the employer is guilty of wage discrimination, and puts the burden of proof on them to prove their innocence. The bill further restricts Hawaii's Equal Pay Law that limits "bona fide" factors for wage differentials to a seniority system, a merit system, or production measures. This ties the hands of the employers in any legal flexibility in compensation.

This section could create many frivolous lawsuits against employers. Lawsuits (threatened or filed) have a substantial impact on small business owners.

Burdensome Disclosure of Wage Ranges. This bill would require business owners to provide to job candidates, at the time of hiring and on an annual basis, wage ranges for each employee's each job title. However, this bill does not provide clear definitions of several terms in Section 3. This proposed requirement would add a considerable administrative burden to all businesses, especially small businesses. It also requires that employers disclose this information for "substantially similar" positions, although in many cases, positions do not have clear objective, comparable measurements.

This bill would also require employers to repost a job listing with an updated wage range, if at any time the proposed hourly pay rate or salary does not match the previously posted range. As prospective employees often negotiate their salaries, this requirement could result in added cost to the employer and lengthen the hiring process.

IPB is also concerned that the disclosure of all pay rates in job listings encroaches on an employers' confidential pay information. For the reasons listed above, this bill could result in expensive and protracted litigation.

Due to the concerns listed above, IPB cannot support this bill at this time and respectfully ask that HB 1701 HD1 be deferred. Thank you again for the opportunity to testify. Should you have any questions or comments about my testimony you can contact me by email at ahong@islandplasticbags.com or by phone at 808-484-4046.

Sincerely,

Adrian K. Hong, CPA*

President

Island Plastic Bags, Inc.

www.islandplasticbags.com

Email: ahong@islandplasticbags.com | Phone: 808-484-4046 | Fax: 808-488-8505

*Not in public practice



**TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
February 20, 2020**

Re: HB 1701 HD1 Relating to Equal Pay

Good afternoon Chair Luke and members of the House Committee on Finance. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii (RMH) as founded in 1901 and is a statewide, not for profit trade organization committed to the growth and development of the retail industry in Hawaii. The retail industry is one of the largest employers in the state, employing 25% of the labor force.

While the Retail Merchants of Hawaii supports equal pay, we are opposed to HB 1701 HD1 Relating to Equal Pay. This measure conforms statutory prohibitions against wage discrimination with other prohibitions on employment discrimination; clarifies allowable justifications for compensation differentials and remedies for pay disparity; requires employers to disclose wage ranges to employees and prospective employees; and takes effect 1/1/2050.

Employers are already bound by Federal and State laws regarding equal pay. Measures like this one puts undue burden on business. In addition, the disclosure of wage rates in employment listings and the factors in setting these salary levels seems like an antitrust issue which might encourage employers to suppress wages since they now would know what the competition is offering.

Hawaii businesses are already over regulated and measures like this become deterrents for new businesses to come to the islands or for business to remain in operation here.

We urge you to hold this measure. Mahalo again for this opportunity to testify.

Presentation to The
Committee on Judiciary
February 20, 2020 12:00 P.M.
State Capitol Conference Room 308

Testimony in Opposition to HB 1701, HD 1

TO: The Honorable Sylvia Luke, Chair
The Honorable Ty J.K. Cullen, Vice Chair
Members of the Committee

My name is Neal K. Okabayashi, the Executive Director of the Hawaii Bankers Association (HBA). HBA is the trade association representing eight Hawaii banks and two banks from the continent with branches in Hawaii. We appreciate this ability to express our opposition to HB 1701, HD 1, not because we oppose the concept of equal pay but because the bill contains language that is inconsistent with federal law and drafts vague language that will lead to confusion and lack of clarity. The bill would create an unworkable framework.

It expands the concept of “equal” work that is a hallmark of federal law to “substantially similar” work that is prone to linguistic arguments that will be a burden to employers, large and small. This bill will force a comparable worth analysis that will require major adjustments to the pay scales and compensation of many employers throughout Hawaii. The argument over substantially similar work will inevitably lead to a debate whether a waste management laborer is doing similar work to a construction laborer.

Another significant drafting concern is the absence of limiting the comparison to jobs at the same “establishment”. Job markets are not the same in Honolulu as on Molokai, and as a result wages vary. The absence of limiting the comparison to the same “establishment”, as provided in federal law, is a serious problem.

The bill also ignores the impact of HRS sections 378-2.5 and 378-3 on this bill if enacted, which sections recognize that certain employers must consider the criminal status of an applicant. For example, under section 19 of the Federal Deposit Insurance Act, banks cannot employ one who has been convicted of certain acts, even if such conviction was later expunged.

Expanding the “equal pay” concept to encompass every protected category creates another nightmare of enforcement and compliance. How can one determine if its compensation does not discriminate based on protected categories such as “religion”, or “sexual orientation”, if employers are prohibited under Hawaii law to ask about such categories?

Finally, this legislation is unnecessary as existing law already provides relief for sex-based discrimination in compensation. Hawaii Administrative Rule Section 12-46-105(a) promulgated by the Hawaii Civil Rights Commission already provides that “Wages shall not be related to or based on the sex of the employee”. This is a much more direct and clear prohibition than the confusing

language of H.B. 1701, H.D. 1. The Hawaii Civil Rights Commission can promulgate rules that do the same for applicable categories of protected status.

In addition, the requirement that employers are required to provide pay scales to all applicants, disclose factors considered in setting salary levels, both to applicants and annually to all employees is burdensome and costly, and has the potential for creating a hostile work place environment as it can lead to morale issues. Indeed, the term “compensation” is defined so broadly, that it would be difficult to quantify the amount of compensation since for pre-paid health care the amount of the employers payment will differ based on the marital status of the employee or the familial status of the employees. Small business will be smothered in trying to comply and large businesses will spend a fortune attempting to comply with such an overbroad and unnecessary mandate.

Thank you for the opportunity to submit this testimony in opposition to HB 1701, HD 1. Please let us know if we can provide further information.

Neal K. Okabayashi
(808) 524-5161



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Finance
Thursday, February 20, 2020 at 12:00 P.M.
Conference Room 308, State Capitol**

RE: HB 1701 HD1, RELATING TO EQUAL PAY

Chair Luke, Vice Chair Cullen, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") supports equal pay; however, the Chamber **has concerns** with HB 1701 HD1, which would conform statutory prohibitions against wage discrimination with other prohibitions on employment discrimination. This bill would also clarify allowable justifications for compensation differentials and remedies for pay disparity and would require employers to disclose wage ranges to employees and prospective employees.

The Chamber is Hawaii's leading statewide business advocacy organization, representing 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber has concerns that this bill would impose overly burdensome and unnecessary regulations upon companies. It is already against the law for an employer to discriminate in setting employee wages based on gender.

At the state level we have the Equal Pay Law, which clearly states that no employer shall discriminate based on gender when setting wages, and Hawaii Administrative Rule Section 12-46-105(a) states that "Wages shall not be related to or based on the sex of the employee." At the federal level, the Equal Pay Act says that employers must pay equal wages to women and men in the same establishment for performing substantially equal work. In 2009, Congress passed the Lilly Ledbetter Fair Pay Act, which extended the statute of limitations for filing an equal pay lawsuit. We believe these laws already cover the issue of gender wage discrimination.

We also disagree and oppose the presumption that the employer is guilty of wage discrimination and puts the burden of proof on them to prove their innocence. This could potentially tie the hands of the employers in any legal flexibility in compensation and create many frivolous lawsuits against employers. Lawsuits, whether threatened or filed, have a substantial impact on businesses, especially small and local companies. We've heard story after story about small business owners who have had to spend countless hours and sometimes even significant sums of money to settle, defend or work to prevent a lawsuit.



Chamber of Commerce HAWAII

The Voice of Business

The Chamber also has concerns regarding how this bill defines the “substantially similar work” and “compensation” provisions. While this bill attempts to provide definitions, we believe that they are still too broad for business owners to fully comply with and understand. Additionally, the absence of limiting the comparison to jobs that are at the same establishment could be problematic. Job markets are not the same in Honolulu compared to a neighbor island, and therefore wages would vary. For example, a nurse working at a trauma unit in Honolulu would most likely have different responsibilities and receive a different wage than a counterpart on a neighbor island. Despite both occupations being “substantially similar” in title, in reality, these jobs are not comparable.

Finally, the Chamber would like to raise concerns about the requirements for business owners to provide the pay scale for a position to an applicant applying for employment, and the annual requirement to provide an employee with the wage range for their job title, and jobs that are substantially similar. Requiring employers to provide annual wage ranges could also lead to issues with morale and wage compression amongst employees within the same business. Employees who might be near the bottom of the scale will want to be paid near the higher end when learning of their respective pay range, without considering the many varying factors that contributed to that range. This requirement will be very burdensome and costly to employers and note that as prospective employees often negotiate their salaries, we have concerns that this requirement could result in longer hiring processes for employers.

While the Chamber supports closing the gender pay gap, due to the concerns listed above, we cannot support this bill at this time. Thank you for the opportunity to testify.



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

**HEARING BEFORE THE HOUSE COMMITTEE ON FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
THURSDAY, FEBRUARY 20, 2020 AT 12:00 P.M.**

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

TESTIMONY IN OPPOSITION TO HB1701 RELATING TO EQUAL PAY

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce, with approximately 650 members. I am writing share our opposition to HB1701.

While we appreciate the current laws in place to ensure people are not discriminated against in relation to wage, we oppose this bill to expand this law. There are a number of valid and nondiscriminatory reasons why an employer may want to raise the pay of an employee, but many of these reasons may not easily fall in the proposed categories such as work attitude, availability, and performance history. This could also further limit an employer who cannot afford to provide raises to all employees in the same job title, but wants to reward those who go above and beyond for the company.

Employers should have the freedom to provide employees with raises without mandates and this particular mandate could create many frivolous lawsuits and creates boundaries for employers by limiting why raises can be given.

Therefore, we oppose this bill and ask that it be deferred. We appreciate the opportunity to testify on this matter.

Sincerely,

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

HB-1701-HD-1

Submitted on: 2/19/2020 2:53:25 PM

Testimony for FIN on 2/20/2020 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Zachary LaPrade	Calypso Charters	Oppose	No

Comments:



1050 Bishop St. PMB 235 | Honolulu, HI 96813
P: 808-533-1292 | e: info@hawaiiifood.com

Executive Officers

Joe Carter, Coca-Cola Bottling of Hawaii, *Chair*
Charlie Gustafson, Tamura Super Market, *Vice Chair*
Eddie Asato, The Pint Size Corp., *Secretary/Treas.*
Lauren Zirbel, HFIA, *Executive Director*
John Schlif, Rainbow Sales and Marketing, *Advisor*
Stan Brown, Acosta Sales & Marketing, *Advisor*
Paul Kosasa, ABC Stores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*
Beau Oshiro, C&S Wholesale Grocers, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*

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

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 20, 2020
TIME: 12pm
PLACE: Conference Room 308

RE: HB1701 HD1 Relating to Equal Pay

Position: Comments

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.

HFIA has concerns about certain language in this measure. While this measure makes some effort to define the term “substantially similar work” this language is still very open to interpretation. Inserting this type of legally vague terminology into statute will leave employers open to a range of frivolous lawsuits that can be very costly and will not further the goals of this measure.

The section of this measure mandating that employers provide wage ranges may not be feasible under certain circumstances. The hiring process often involves adjusting the exact job specifications based on a number of factors, most importantly the individual eventually hired for the position. It will be impossible for many employers to list an accurate wage range for a position that may change for an employee they haven’t hired yet.

We thank you for the opportunity to testify.

HB-1701-HD-1

Submitted on: 2/18/2020 9:10:41 PM

Testimony for FIN on 2/20/2020 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Caroline Kunitake	Individual	Support	No

Comments:

Dear Chair Luke and Members of the Committee on Finance,

I am writing in support of HB1701 HD1.

I believe that our Equal Pay laws need to be improved by requiring employers to be transparent about the salary range for each position.

Salary transparency and attempts at pay equity will attract millennials; will be more attractive in a competitive market.

Being up front about wages saves businesses time so that they are not interviewing candidates that will eventually turn them down. In addition to fairness, this is also about efficiency.

Please pass this bill.

Mahalo,

Caroline Kunitake

HB-1701-HD-1

Submitted on: 2/18/2020 2:28:20 PM

Testimony for FIN on 2/20/2020 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Joanna Amberger	Individual	Support	No

Comments:

Aloha

I write today to voice my strong support for HB1701. As a small business owner, employer, and a woman, I understand how significant this legislation is. It will not overly burden Hawaii employers but will give greater protection to our workers. This legislation would:

1. Provide pay transparency by requiring employers to make salary range information available to employees and job candidates, which will help employers manage their pay expenses and encourage pay equity;
2. Amend the list of protected classes under Hawaii's equal pay statute to make the protections afforded by this section consistent with the state statute that prohibits employment discrimination;
3. Prohibits reducing another employee's pay to comply with law and agreement to a lesser wage as a defense;
4. Clarify the factors that can be used by employers to justify differences in compensation based on seniority, merit, or other non-discriminatory purposes;
5. Update the term "equal work" as used in state non-discrimination statutes to "substantially similar work," which is the more accurate term used in many other states;
6. Expand the definition of "compensation" to be construed more broadly including non-salary benefits; and
7. Clarify the section on retaliation against employees who disclose or discuss other employees' salary to protect confidential information by including language from the 2019-2020 Paycheck Fairness Act^[1] passed by the US House of Representatives.

Further reasons for adopting this measure:

- Hawaii can be a leader in the field of pay equity, as Hawaii has led the way in civil rights.
- There will be minimal cost or disruption to employers.
- Research shows that workers stay longer and are more productive, when working for companies which treat them with dignity. A recent Harvard-Berkeley

study showed that pay inequality decreased worker attendance, cooperation, and output.^[2]

- Salary transparency and attempts at pay equity will attract millennials; will be more attractive in a competitive market.^[3]
- Being up front about wages saves businesses time so that they are not interviewing candidates that will eventually turn them down. In addition to fairness, this is also about efficiency.^[4]
- Salary ranges help employers control their pay expenses and ensure pay equity among employees. It is critical that employers have rational explanations for why they pay their employees a certain rate, and defined salary ranges help accomplish that.^[5]
- Gender pay gap is found across ethnic/racial groups, age groups, educational groups, and occupational groups.^[6]
- The gender pay gap has worsened in Hawaii: the median annual earnings for women were 84 percent of men's earnings in Hawaii in 2015 and 83 percent in 2018.^[7]
- Native Hawaiian and Pacific Islanders women's median annual earnings were 62 percent of white men's earnings.^[8]
- Gender pay gap penalizes all households in Hawaii, since many households rely on the paychecks of more than one household member. Gender pay gap penalizes children excessively, because many children reside in female-headed households. If the \$8,149 annual gender pay gap is eliminated, a working woman in Hawaii would have enough money to purchase 11.2 additional months of child care and 5.5 additional months of rent.^[9]
- Some of the language from the Paycheck Fairness Act^[10] passed by the US House of Representatives in 2019 has been included to make Hawaii's consistent when that Act passes the US Senate and becomes law.

[1]

[2] Emily Breza, Supreet Kaur & Yogita Shamdasani 2016 "The Morale Effects of Pay Inequality," *NBER Working Papers*, National Bureau of Economic Research

[3] Forbes, <https://www.forbes.com/sites/jessicalutz/2017/11/30/millennials-are-slowly-killing-salary-secrecy-and-thats-a-good-thing/#67a129946015>

[4] Glassdoor, "Is Salary Transparency More Than a Trend", https://www.glassdoor.com/research/app/uploads/sites/2/2015/04/GD_Report_2.pdf

[5] Society for Human Resource Management, "How to Establish Salary Range", <https://www.shrm.org/resourcesandtools/tools-and-samples/how-to-guides/pages/howtoestablishsalaryranges.aspx>

[6] AAUW The Simple Truth about the Gender Pay Gap – Fall 2019 Edition,
<https://www.aauw.org/research/the-simple-truth-about-the-gender-pay-gap/>)

[7] National Partnership for Women and Families – America’s Women and the Wage Gap, September 2018, <http://www.nationalpartnership.org/our-work/resources/workplace/fair-pay/americas-women-and-the-wage-gap.pdf>; National Partnership for Women and Families – Hawaii Women and the Wage Gap April 2017, <http://www.nationalpartnership.org/our-work/resources/workplace/fair-pay/4-2017-hi-wage-gap.pdf>

[8] AAUW The Simple Truth about the Gender Pay Gap – Fall 2018 Edition,
<https://www.aauw.org/research/the-simple-truth-about-the-gender-pay-gap/>)

[9] National Partnership for Women and Families – What’s the Wage Gap in the States, September 2018, <http://www.nationalpartnership.org/our-work/workplace/4-2018-wage-gap-map.html>

[10] US Congress – Paycheck Fairness Act,

<https://www.congress.gov/bill/116th-congress/house-bill/7/text>

HB-1701-HD-1

Submitted on: 2/18/2020 2:18:36 PM

Testimony for FIN on 2/20/2020 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Jean Evans	Individual	Support	No

Comments:

HB-1701-HD-1

Submitted on: 2/18/2020 4:11:59 PM

Testimony for FIN on 2/20/2020 12:00:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
cheryl B.	Individual	Support	No

Comments:

Why are we even asking about equal pay? This is 2020. Of course, there should be equal pay. There should also be better pay for educators and others (minimum wage). Not sure how representatives like yourselves could even think of denying others wages. Look at your perks and wages. just saying.

Hawaii State House of Representatives Finance Committee

Hearing Date: Thursday, February 20, 2020, 12:00 PM

Time & Room: 12:00pm, Rm. 308

Re: Testimony in support of HB 1701, HD1:RELATING TO EQUAL PAY

Dear Representative Sylvia Luke, Chair Representative, Ty J.K. Cullen, Vice Chair and members of the committee:

The gender pay gap in Hawaii increased between 2015 and 2018: the median annual earnings for women were 84 percent of men's earnings in 2015 and 83 percent in 2018. Native Hawaiian and Pacific Islanders women's median annual earnings were 62 percent of white men's earnings in 2018.

Passage in 2018 of Act 108 was a step towards ensuring pay equity. The provisions of that Act provide moderate equal pay protection to Hawaii's workers.

I urge you to address any loopholes or weaknesses in our equal pay protection statute. Please pass HB-1701, HD1 to clarify and strengthen Act 108. Pass this bill to provide strong equal pay protection and establish Hawaii as a leader in pay equity as we have been in civil rights.

Components of the bill will strengthen Act 108 and help employees by:

- Mandating disclosure of wage ranges to increase pay transparency and pay equity;
- Prohibiting discrimination by amending the list of protected classes to make the protections afforded by this section consistent with the state statute that prohibits employment discrimination.

Passage of this bill can help employers by:

- Clarifying the factors that can be used to justify differences in compensation based on seniority, merit, or other non-discriminatory purposes;
- Updating the term "equal work" to the more accurate term "substantially similar work";
- Encouraging employers to treat employees with dignity and fairness: leading to decreased employee turnover and increased efficiency;
- Making the business more attractive to prospective employees in a competitive market...all with a minimal cost or disruption to employers.

Thank you for the opportunity to testify.

Janet Morse
AAUW Hawaii member
Kailua, Oahu

Thursday, February 20, 2020 at 12:00 PM
Conference Room 308

House Committee on Finance

To: Representative Sylvia Luke, Chair
Representative Ty Cullen, Vice Chair

From: Gail Lerch
EVP, Human Resources and General Services

Re: **Comments on HB 1701, HD1
Relating To Equal Pay**

My name is Gail Lerch, Executive Vice President, Human Resources and General Services at Hawai'i Pacific Health (HPH). Hawai'i Pacific Health is a not-for-profit health care system comprised of its four medical centers – Kapi'olani, Pali Momi, Straub and Wilcox and over 70 locations statewide with a mission of creating a healthier Hawai'i.

I write to provide comments on HB 1701, HD1 that conforms statutory prohibitions against wage discrimination with other prohibitions on employment discrimination, clarifies allowable justifications for compensation differentials and remedies for pay disparity, and requires employers to disclose wage ranges to employees and prospective employees.

HPH supports equal pay and prohibitions against wage discrimination. Our organization takes deliberate steps to ensure that our employees are not subject to wage or position discrimination based on race, gender, age, sexual orientation and all protected categories. Hawai'i Pacific Health is proud of our record of promoting women into leadership as well as supervisory positions within our hospital system.

However, HPH is concerned that this bill will impose overly burdensome regulations upon businesses. It is already unlawful for an employer to discriminate in setting employee wages based on gender. At the state level we have the Equal Pay Law which clearly states that no employer shall discriminate based on gender when setting wages. At the federal level, the Equal Pay Act states that employers must pay equal wages to women and men in the same establishment for performing substantially the same work. In 2009, Congress passed the Lilly Ledbetter Fair Pay Act, which extended the statute of limitations for filing an equal pay lawsuit. Thus, we believe laws already exist to cover the issue of wage discrimination that this bill seeks to address.

We also disagree with and oppose the presumption that the employer is guilty of wage discrimination and places the burden of proof on employers to prove their innocence. This could potentially tie the hands of the employers in any legal flexibility in compensation and create many frivolous lawsuits against employers. Lawsuits, whether threatened or filed, have a substantial impact on small business owners.

The definition of “substantially similar work” is also a concern. The definition provided in the bill is too broad for businesses to understand and comply with. In many instances, especially within the health care field, positions do not have clear objective comparable measurements.

The requirement in HB 1701, HD1 that employers must disclose wage ranges and the factors considered in setting salary levels to prospective employees, and then annually provide that information upon request could potentially lengthen the hiring process as prospective employees often negotiate their salaries and benefits.

The salary disclosure requirement may also create morale issues among employees. There are a number of factors in determining pay differentials between employees that are not based on gender or race based factors. Salary differentials between employees within and across different organizations are nuanced and difficult to capture in a simple reporting of salary ranges by job title. Requiring employers to disclose the pay of their entire workforce to all employees and job applicants could also be viewed as an invasion of privacy by many employees. For various reasons, there are likely to be many employees in the organization who do not want their pay rates to be disclosed to other co-workers and between other employers who might be competing for the same pool of applicants. Therefore our concern on the effect release of such information through a survey result could result in serious morale issues experienced by employees.

Based upon the concerns expressed above, HPH is unable to fully support the measure at this time.

Thank you for the opportunity to testify.