February 23, 2018 Rm. 211, 10:30 a.m.

To: The Honorable Donovan Dela Cruz, Chair

Members of the Senate Committee on Ways and Means

From: Linda Hamilton Krieger, Chair

and Commissioners of the Hawai'i Civil Rights Commission

Re: S.B. No. 2351

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.

S.B. No. 2351, if enacted, will add a new section to H.R.S. chapter 378, part I, prohibiting employer inquiries about salary or wage history or reliance on such history in determining compensation for an applicant in the hiring process, and amend H.R.S. § 378-2.3, by adding a subsection (b) prohibiting an employer from retaliating against an employee for disclosing wages or discussing wages.

The HCRC supports the intent of S.B. No. 2351, strongly supporting the proposed prohibition against employer retaliation for disclosing or discussing pay information, but has serious concern about the efficacy of the proposed prohibition against employer inquiries about salary or wage history or reliance on such history in determining compensation for an applicant in the hiring process. Based on this concern, the HCRC suggests that S.B. No. 2351 be amended by deletion of Section 2 of the bill, while retaining the current Section 3 of the bill.

Enactment of the Section 3 prohibition against employer retaliation against employees for disclosing or discussing wages will mark a substantial step forward in the movement toward gender pay equality, that being one of the pillars of the Paycheck Fairness Act that has languished in Congress for the past two decades.

The HCRC did not raise this concern or suggest amendments when S.B. No. 2351 was heard before the Senate Committees on Labor and Judiciary. The concern arose and was articulated after the subject matter committees' hearing on the bill, based on Commission review and discussion of the bill and relevant social and psychological research. At this stage of the legislative process, the HCRC

urges the Senate Committee on Ways and Means to pass the bill out of committee, to allow for additional inquiry and discussion of its merits and the HCRC's concern and suggested amendments. Strong HCRC Support for Section 3 of S.B. No. 2351

The HCRC strongly supports the addition of subsection (b) to H.R.S. 278-2.3 which prohibits employer retaliation for disclosing or discussing pay information. Employees must be permitted to discuss wage differences, in order to determine pay disparity. Transparency, with free and open discussion will promote pay equality between genders.

HCRC Concerns RE: Section 2 of S.B. No. 2351

Based on review of recent social and psychological research, the HCRC questions the efficacy of the proposed prohibition against employer inquiries into and consideration of salary or wage history in determining compensation in the hiring process, with an exception allowing employer consideration of salary history in determining salary, benefits, and other compensation, if an applicant voluntarily and without prompting discloses salary history.

The HCRC is concerned that this well-intentioned statutory prohibition and exception may actually have a negative impact on women applicants and even exacerbate, rather than narrow, the gender pay gap.

Numerous studies have shown that men are more likely to engage in negotiation over compensation in the hiring process, affecting starting pay. Under the proposed law, male applicants will be more likely to negotiate expectations for starting pay, voluntarily disclosing salary history that can then be considered in determining salary, benefits, and other compensation. The statutory exception negates the rule, to the advantage of male applicants.

Research also raises a troubling phenomenon, indicating that even when women negotiate starting compensation, it can have a negative impact on them. Assertive or aggressive negotiation that is seen as a positive masculine trait in men can be viewed as a negative for women, based on stereotyping of female behavior. *See* H.R. Bowles, *et al.*, "Social incentives for gender differences in the propensity to initiate negotiations: Sometimes it does hurt to ask," Organizational Behavior and Human Decision Processes 103 (2007) 84-103. (available online at https://www.sciencedirect.com/).

The unintended consequence of the Section 2 protection could be that a male applicant who voluntarily discloses his salary history may be viewed as assertive, with voluntary disclosure triggering negotiation. Women, research indicates, would be less likely to voluntarily disclose salary history (it being "protected") putting them at a disadvantage in negotiation, and even if they do voluntarily disclose salary history, it can be ignored or held against them.

HCRC's Suggested Amendments – Salary Transparency

Based on the concerns discussed above, the HCRC suggests amendment of S.B. No. 2351, deleting Section 2 of the bill in its entirety.

With these concerns and suggested amendments, the HCRC supports the intent of this bill as a step towards ending pay discrimination against women, particularly women of color, in lower wages than their male counterparts. Equal pay for equal work will inure to the benefit of women employees, families, and children.



SB2351

RELATING TO EQUAL PAY Senate Committee on Ways and Means

February 22, 2018 10:10 a.m. Room 211

The Office of Hawaiian Affairs Beneficiary Advocacy and Empowerment Committee will recommend that the Board of Trustees <u>SUPPORT</u> SB2351, which seeks to address a source of systemic discrimination against women and communities of color, by prohibiting prospective employers from requesting or considering a job applicant's wage or salary history, and further prohibiting enforced wage secrecy and retaliation or discrimination against employees who disclose, discuss, or inquire about their own or their coworkers' wages.

OHA appreciates the intent of this measure, to help combat systemic discrimination and implicit biases that can be at the root of economic disparities experienced by women and communities of color. OHA notes that this measure's preamble includes information on wage inequality for African American, Latina, and Asian American women in Hawai'i, showing that pay inequality may contribute to higher poverty rates for women of color. **OHA recommends amendments to the preamble to further include information also showing extreme disparities in income for Native Hawaiians, and particularly for Native Hawaiian women, suggesting that gender and race discrimination in pay may significantly impact the Native Hawaiian community as well.** Recent research indicates that Native Hawaiian men and women make less than the statewide average annual income: Native Hawaiian men earn on average \$7,621 less annually than the total male population statewide; Native Hawaiian women, meanwhile, make on average \$5,967 less in income annually than that of women statewide, \$11,393 less annually that that of Native Hawaiian men, and an average of \$19,014 less than all men statewide.

SB2351 may help to alleviate such wage disparities by eliminating mechanisms that can reinforce systemic discrimination in the workplace. By prohibiting employers from requesting a prospective employee's wage or salary history, this measure may better ensure that his or her future compensation is not impacted by prior income levels that may have been lower due to systemic race and/or gender discrimination. By better enabling employees to evaluate their wages in comparison to their peers, this measure may further bring to light disparities that currently exist in our workplaces, and help to address any associated mechanisms of systemic discrimination. OHA believes that perpetuating wage inequality is detrimental to the well-being of Native Hawaiians and Native Hawaiian women in particular, as well as women and communities of color generally. Closing the

gender and race wage gaps would not only increase women's and minorities' earnings in Hawai'i, but would also significantly lower poverty rates among working Native Hawaiian women and families.

Accordingly, OHA urges the Committee to **PASS** SB2351. Mahalo nui for the opportunity to testify on this measure.



February 20, 2018

To: Hawaii State Senate Committee on Ways and Means

Hearing Date/Time: Thursday, February 22, 2018 (10:10 am)

Place: Hawaii State Capitol, Rm. 211
Re: Testimony in support of SB2351

Dear Senator Donovan M. Dela Cruz (Chair), Senator Gilbert S. C. Keith-Agaron (Vice Chair), and Committee Members,

I am grateful for this opportunity to testify in **strong support of SB2351**, which directly confronts the gender equity issue in employment wages. This is a concern in Hawai'i, and in the USA in general because most Americans believe fundamentally in fairness. We hear this mantra whispered to children by family members, imparted to students in secondary school, and promoted in community educational policies. If we spend this much effort in extolling the benefits of fairness in a civil society, how can we not support this attribute in the work place?

We have clear evidence that fairness does <u>not</u> prevail in the locations where people earn their incomes. Men and women performing similar occupational tasks are not paid the same salaries. These gender-based salary differentials are found across occupations, and continue through individuals' working lives, worsening with age. The gender pay gap affects women's abilities to feed their families at the start of their careers, and their capacities to retire in comfort at age 65. All families in Hawai'i with a female family member in the workplace are negatively impacted.

In addition, economic data demonstrate that the pay gap is not diminishing any time soon, which means that my grand-daughter will still be dealing with lower wages than men in her university graduating cohort, and in her later years of life. Indeed, "a girl born in the United States in 2017 has a life expectancy of 87 years. In 2082, when she turns 65, a wage gap will still remain in 13 states."

There is little that women can do on their own to protect themselves against the gender pay gap. Attending university does not eliminate the gender effect in salaries. Women experience its effects a year after receiving their undergraduate degrees, and their economic situations worsen in comparison to those of men ten years after graduation.³

Women are encouraged to select high-profit majors, such as STEM fields, but research shows that when women become more prevalent in a field, salaries drop in the profession.⁴ There is a gender effect across occupations and within occupations, and women cannot change this situation on their own.

¹ US Dept. of Labor, Bureau of Labor Statistics, "Labor Force Statistics from the Current Population Survey," https://www.bls.gov/cps/cpsaat39.htm; AAUW, *The Simple Truth about the Gender Pay Gap*, 2017; https://www.aauw.org/resource/the-simple-truth-about-the-gender-pay-gap/.

² "Status of Women in the States. Projected Year the Wage Gap Will Close by State. IWPR #R476." March 2017. www.statusofwomen.org

³ AAUW, 2012, Graduating to a Pay Gap, https://www.aauw.org/resource/graduating-to-a-pay-gap/; AAUW, AAUW, 2007, Behind the Pay Gap, https://www.aauw.org/files/2013/02/Behind-the-Pay-Gap.pdf.

⁴ Francine D. Blau & Lawrence M. Kahn, 2016, "The Gender Wage Gap," http://ftp.iza.org/dp9656.pdf

This issue is complex, and it will require multiple types of legislation and policy interventions to correct. Two simple fixes are proposed in this bill, which is focused on discussion of wages in the workplace, and provision of one's previous salary to a new employer. Women's salary histories show that a gender penalty follows them from one workplace to another. This bill is an effort to break this cycle, by prohibiting employers from asking potential employees about their earnings at a previous job. This means that women will be offered salaries based on their educational qualifications, their occupational skills, and their workplace successes, rather than the lower wages they suffered at previous jobs. Similar bills have been passed in a number of other states, including, California, Oregon, Delaware, Massachusetts, and New Jersey, and proved successful in changing how HR employees and small businesses deal with employees.

It is apparent that employees benefit from a salary-history bill, but does it benefit businesses? Are there any incentives for employers to hire in this manner? Interestingly, recent studies by a Columbia University / University of California Berkeley coalition of economists has demonstrated that pay inequality has major negative effects in the workplace for employers.⁵ For example, workers who were aware that they were paid in an unequal fashion (i.e., different wages for similar types of work) demonstrated their disgruntlement in various ways against their employer. Unfairly paid employees were lax in their work attendance, showed decreased cooperation with each other, and had lower work outputs, compared with those, who knew they were being paid in an equal manner. Employees reward their employers with better work according to a variety of measures in an economically-fair environment.

One conclusion from these studies is that employers should be implementing these types of measures, which are zero cost to the fair employer, in the interests of getting better work from their employees and encouraging employees to remain with the business long-term. A second lesson from the research is that employees who know that they are paid fairly are more invested in their place of employment, and in working effectively, so employers should share this information with their workers.

In fact, the second portion of this bill, preventing employers from negatively sanctioning employees who discuss their wages is also helpful for businesses in a fair wages environment because it encourages knowledge of wages and knowledge of fairness to percolate among employees. The Columbia-Berkley research demonstrates that this knowledge will be good for worker morale, the workplace environment, and ultimately, business output.

Some business owners have mentioned concerns that for unspecified means they won't be able to hire good employees if they don't know previous salaries. I doubt that Hawai'i businesses are quite as poorly managed as implied by this statement, which is readily countered by available information from other locations. Hiring of good employees has not proved to be an issue in other jurisdictions, where employers do not access salary information. There are ample data for making good hiring decisions, readily available from the application of careful interview strategies, combined with attention to letters of reference about potential employees, and other documents, including Resumes, university or high school transcripts, and a history of previous work experience. Indeed, just this past week, I chaired a committee considering a CEO hiring for a consortium

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⁵ Emily Breza, Supreet Kaur & Yogita Shamdasanani, 2016, "The Morale Effects of Pay Inequality," *NBER Working Papers*, National Bureau of Economic Research.

working across several Pacific states, and we experienced no difficulty in judging candidates, without using previous salary information.

It has also been suggested that disclosure of salaries should be voluntary. This type of modification would reduce the effect of the bill significantly. Potential employees would feel pressured to disclose, and nervous that lack of disclosure would be viewed as uncooperative by the potential employer and diminish their chances of a job offer. This bill needs to cover businesses fully, which is the only way to reduce the gender pay gap.

I have also encountered the fallacious argument that maintaining the status-quo is more protective of women than removing salary disclosure. We already have decades of data demonstrating that the existing system is penalizing women, so an argument for the status-quo is not one that women endorse.

It has been unfortunate that the media have seen fit to disseminate a report by a PayScale employee, who lacks academic credentials in economics or research methods⁶ suggesting that salary disclosure has no effect on the gender pay gap. Her study is methodologically flawed, and PayScale, which gathered the data, benefits to the tune of millions of dollars from states not passing the type of legislation considered in this bill. While the company has been supportive of other equal pay initiatives, they are not supporting this one which affects their bottom line significantly.

It is also unfortunate that the *Honolulu Star Advertiser* chose to re-publish an article by Noam Scheiber under a misleading new title. Scheiber is a good journalist, and his original *New York Times* piece appeared under a more balanced title. Indeed, the article is overall balanced, although he does lead with a provocative claim (a habit of most journalists), with the goal of creating a reaction and disseminating the piece.

Scheiber's controversial and unproven lead in his article suggests that employers will react in the same manner to learning that black men (as opposed to white men) have criminal records as they do to learning that women (as opposed to men) have lower salaries. Why he, or the one researcher he consults, think that racial discrimination on the basis of criminal records is the same as gender discrimination on the basis of lower salaries is not explained. We have no evidence that employers equate race to gender, nor do we have evidence that employers equate criminal records to salary levels. The application of data from studies of criminal records to the equal pay bill seems to be suggesting that information about oranges is readily applicable to information about apples. Yes, they are both fruit, and yes, the broader research topic is employment, but the data are not comparable, and I have not seen this claim made previously, either by journalists (who like to push the boundaries), or by researchers (who tend toward caution).

I am disappointed that this erroneous link between two very different research databases has been spread across Hawai'i in an irresponsible manner at this particular point in time. My hope is that most logical members of the general public and the business community will not be swayed by its fallacious reach.

⁶ Lydia Frank, Vice President of Content Strategy, with a B.A. in journalism. https://www.payscale.com/career-news/author/lydia-frank

⁷ Noam Scheiber. "Balancing act: New laws barring an employer from asking your salary history are supposed to help resolve pay disparities, but could they also hurt your chance of getting the job?" *Honolulu Star Advertiser*, February 18, 2018.

⁸ Noam Scheiber. "If a law bars asking your past salary, does it help or hurt?" New York Times, February 16, 2018.

It is anticipated that owners and managers of well-run businesses will see the merits of this bill, and as has been shown, most businesses benefit from following the rules suggested in this bill, as do employees. In Hawai'i, full-time, year-round women workers earn on average only 84% of what their male counterparts earn. There are many situations, when women earn lower percentages, especially if they are women of color, or work part-time, among other factors.

Moving Hawai'i forward to a situation in which women receive similar economic rewards to those of men has the potential to improve the situation of many Hawai'i households, which tend to include multiple earners living under the same roof. Approximately 56,000 Hawaiian households survive on female wages, and 19% of these families are struggling with incomes below the poverty level. It is estimated that 61.2% of children living in poverty in our state with working mothers would benefit "if working women were paid the same as comparable men [2016 data]."

In conclusion the fixes provided in **SB2351** have high potential to improve women's salaries across the state. Focusing on fairness is also good for businesses by improving workplace morale and output. I urge the passage of this bill.

Thank you for the opportunity to testify.

Sincerely

Susan J. Wurtzburg

Ph.D., Policy Chair

 ⁹ National Partnership for Women and Families, 2017, "Hawaii Women and the Wage Gap,"
 http://www.nationalpartnership.org/research-library/workplace-fairness/fair-pay/4-2017-hi-wage-gap.pdf
 ¹⁰ Table 3: Impact of Equal Pay on Children. Institute for Women's Policy Research, "Status of Women in the States. IWPR #C457." www.statusofwomendata.org

Testimony to the Senate Committee on Ways and Means Thursday, February 22, 2018 at 10:10 A.M. Conference Room 211, State Capitol

RE: SENATE BILL 2351 RELATING TO EQUAL PAY

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

The Chamber of Commerce Hawaii ("The Chamber") has comments on SB 2351, which clarifies affirmative defenses that an employer may use in a pay differential case and prohibits employer actions regarding wage disclosure. Also prohibits an employer from discriminating between employees because of sex by paying wages to employees at a rate less than the rate at which the employer pays wages to employees of the opposite sex for substantially equal work and under similar working conditions, with certain exceptions. Further prohibits prospective employers from requesting or considering a job applicant's wage or salary history as part of the employment application process.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 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.

Not the Whole Picture

We support the equal pay in the workplace. However, like many difficult issues there is complexity. Supporters of this legislation often cite statistics that say that on average, women earn 77 cents on the dollar as compared to men. This often leads to the assumption that there must be wide spread wage discrimination by employers. However, this does not tell the whole picture or provide details on what is happening in the workplace. The 2009 report (see, U.S. Department of Labor, Consad Research Corporation, An Analysis of Reasons for the Disparity in Wages Between Men and Women) prepared for the U.S. Department of Labor, provides some insight into the factors that include the fact that a larger percentage of women work in part-time jobs, a larger percentage of women leave the work force at some point for family responsibilities to name a few.

Another telling report comes from Pew Research. Below are some of other parts of the story.

- The BLS study looks at weekly earnings and not hourly earnings which leads to a larger gap, especially since women are twice as likely as men to work part time.
- The BLS study restricts the estimate to full time workers which leaves out a significant share of workers, both men and women. Also, men report working longer

hours -26% of full time men say they work more than 40 hours per week compared to 14% of women.

- Occupation, negotiation of wages and tradeoffs of compensation for other amenities such as flexible work hours are other attributes for the wage differential.
- For young women, the pay gap is smaller at 93%.
- The presence of discrimination is more difficult to quantify.

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. We believe these laws already cover the issue of gender wage discrimination.

No Due Process for Employers

We 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. The bill amends Hawaii's Equal Pay Law to limit three allowable "bona fide" factors for wage differentials to a seniority system, a merit system, and an occupational qualification. 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. We have heard story after story of small business owners spending countless hours and sometimes significant sums of money to settle, defend, or work to prevent a lawsuit.

Sharing of Wage Information

This section is unnecessary. All employers covered by the National Labor Relations Act are already prohibited from preventing employees from discussing wages among themselves. Also, Hawaii Labor Relations Board generally applies similar law to employers not covered by the NLRA.

Additionally, we believe that this section could lead to morale problems in the workplace.

Other Reasons

In closing, we support the principle of equal pay, however we believe this legislation would ultimately impose enormous burdens and risks on employers; devalue important factors in establishing wages, such as training, experience, education, and skill; and expand litigation opportunities. If the concern is truly prohibiting discriminations then we believe enforcement

should be the focus and not a change in the law. Lastly, it could tie the hands of employers in offering other benefits that employees may value for their own individual situation.

Please defer this bill.

Thank you for the opportunity to testify.

<u>SB-2351</u> Submitted on: 2/21/2018 12:38:10 PM

Testimony for WAM on 2/23/2018 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Melodie Aduja	Testifying for OCC Legislative Priorities Committee, Democratic Party of Hawai'i	Support	No

Comments:



To: Hawaii State Senate Committee on Ways and Means

Hearing Date/Time: Thursday, Feb. 22, 2018, 10:10 a.m. Place: Hawaii State Capitol, Rm. 211

Re: Testimony in strong support of S.B. 2351, relating to Equal Pay

Dear Chair Dela Cruz and Members of the Committee,

Planned Parenthood Votes Northwest and Hawaii ("PPVNH") writes in strong support of S.B. 2351, which seeks to increase fairness and lessen discrimination in the workplace.

PPVNH supports equal pay policies that bring women's earnings in line with men's earnings.

Women have higher rates of economic insecurity than men do, and their lower wages hurt not only themselves but also their families who rely on those earnings for all or part of their income. Women are also more likely to rely on public benefits like Medicaid, the Supplemental Nutrition Assistance Program (SNAP, formerly food stamps), and housing assistance. This economic insecurity is even more common for women of color.

Closing the wage gap requires laws like S.B. 2351 that address workplace discrimination. Employers pay women less from the moment of hire, and are more likely to deny them promotions because of the presumption that they will have children and thus commit less time and dedication to their jobs.

If women do get pregnant or take on caregiving responsibilities, they sometimes lose income because of overt discrimination based on these stereotypes. They also lose pay when they are deprived of opportunities to advance to higher paid jobs or are pushed out of work altogether because employers do not accommodate needs that may arise for women as a result of motherhood (like the need to pump breast milk at work or take time off to care for a sick child).

Remedying pay disparities improves the lives of women and their families, and helps relieve the economic burden of women's health care and family planning. Please pass S.B. 2351 in support of Hawaii's working women.

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

Sincerely,

Laurie Field Hawaii Legislative Director



Testimony of Hawai'i Appleseed Center for Law and Economic Justice
Supporting SB 2351 – Relating to Equal Pay
Senate Committee on Ways and Means
Scheduled for hearing at 10:30 am on Friday, February 23, 2018 in Conference Room 211

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

Thank you for the opportunity to testify in SUPPORT of **SB 2351**, which would prohibit prospective employers from requesting or considering a job applicant's pay history as part of the hiring process as well as prohibit enforced wage secrecy and retaliation or discrimination against employees who disclose, discuss, or inquire about their own or their colleagues' pay.

These provisions are intended to reduce the gender wage gap, which would help ensure more financial security for women and their families across Hawai'i. Eighteen other states have laws that protect against discrimination or retaliation for discussing wages, and since 2016 eight states and cities have banned salary history requests.

In Hawai'i, females make 84 cents for every dollar a male makes. However, Asian women in Hawai'i make only 74 cents for every white male dollar, significantly lower than the national average for Asian women of almost 85 cents.

The National Partnership for Women and Families pegs the pay gap as taking \$2.5 billion out of the pockets of women statewide, or \$7,640 per woman per year. According to the National Women's Law Center, the lifetime wage gap for women in Hawai'i is \$305,600 over a 40-year career.

The problem of the wage gap is only compounded in Hawai'i by our high cost of living. These burdens make it very difficult for women to pursue further education, start a business, buy a home, or save for retirement. Economic insecurity also makes it more difficult for women to leave domestic violence situations. These all have effects on future generations.

Three out of ten Hawai'i single mothers with children under the age of 18 live in poverty. When their children are all under the age of 5, one-third of single mothers are poor. Meanwhile, research from the Institute for Women's Policy Research estimates that eliminating the gender wage gap would reduce the poverty rate among single mothers at the national level by almost half.

We can and should find ways to better ensure that our women and their children can find economic security in the Aloha State. The modest and common-sense proposals contained within SB 2351 would move us closer towards that goal.

We appreciate your consideration of this testimony.

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.

SB-2351

Submitted on: 2/21/2018 12:49:37 PM

Testimony for WAM on 2/23/2018 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Judy McCluskey	Testifying for AAUW	Support	No

Comments:

I strongly support SB2351. Passage of this bill will help overcome employer bias during the hiring process by prohibiting the employer from requiring information regarding the applicant's previous salary. Thus, the applicants would be judged on their qualifications and skills rather than the lower wages they earned at previous employment. In addition, the bill would provide protections for employees who discuss and compare their wages with coworkers, allowing them to judge for themselves what is fair. These two concepts would be steps in the right direction toward providing equal pay for women, who, as a group, historically have received significantly less compensation then men for equal work.

Eliminating the wage gap is good for women, families and the economy. In Hawaii, many mothers are primary earners in their families with children under 18 years of age, yet they earn only 84 cents for every dollar earned by a father. Closing the wage gap would ensure families have greater financial security enabling them to better afford rent, groceries and childcare. It would also boost our state's economy by making up for monies lost in lower women't wages that could be spent on other goods and services.

Equal pay for equal work would benefit society as a whole, focusing on fairness and improving morale, cooperation and productivity in the workplace.

I support this bill and would like to see it implemented as soon as possible.

Judy McCluskey



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

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Stan Brown, Acosta Sales & Marketing, Advisor Paul Kosasa, ABC Stores, Advisor John Shilf, Rainbow Sales & Marketing, Advisor Barry Taniguchi, KTA Superstores, Advisor Derek Kurisu, KTA Superstores, Advisor

TO:

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

FROM: HAWAII FOOD INDUSTRY ASSOCIATION

Lauren Zirbel, Executive Director

DATE: Thursday, February 23, 2018

TIME: 11am

PLACE: Conference Room 211

RE: SB 2531 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.

Hawaii currently has an unemployment rate of about 2%, which is the lowest that any state has ever recorded. In this incredibly competitive labor market employers must use all the tools available to them to fill job openings with qualified candidates. An applicant's salary history is one important piece of information that helps paint a picture of a person's work experience and career trajectory.

Both job seekers and those involved in the hiring process are aware that a previous salary is not the sole dictator of the wage at a new job. Potential employees can easily let employers know during the hiring process if they feel that their former wages were inadequate for any reason, or not an accurate comparison for the work and compensation they anticipate in the new position. However, prohibiting any discussion of previous wages means that both parties may have to start negotiations with hypothetical numbers, which can make the process unnecessarily complicated and adversarial.

While we fully support the intent of this measure, our concern is that banning the disclosure of

this particular piece of information places both potential employers and employees at a disadvantage when conducting negotiations. We thank you for the opportunity to testify.

SB-2351

Submitted on: 2/20/2018 7:25:28 PM

Testimony for WAM on 2/23/2018 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Janet Morse	Testifying for AAUW Hawaii	Support	No

Comments:

To: Hawaii State Senate Committee on Ways and Means

Hearing Date/Time: Thursday, February 22, 2018 (10:10 am)

Place: Hawaii State Capitol, Rm. 211

Re: Testimony in support of SB2351

Dear Senator Donovan M. Dela Cruz (Chair), Senator Gilbert S. C. Keith-Agaron

(Vice Chair), and Committee Members,

I am writing in strong support of SB2351. Women in Hawaii make 84 cents for every dollar a man makes. The National Partnership for Women and Families pegs the pay gap as taking \$2.5 billion out of the pockets of women statewide, or \$7,640 per woman per year. According to the National Women's Law Center, the lifetime wage gap for women in Hawaii is \$305,600 over a 40-year career. This is clear evidence that women are paid less, documenting the need for a legislative fix.

Women have been waiting decades for the gender pay gap to diminish. Progress in decreasing the gap is too slow without legislation. The goal of SB2351 is to diminish the gender pay gap, and to promote fairness in how salaries are determined for both men and women. The bill focuses on diminishing the pay gap when women change employment, and on allowing women to speak with colleagues, so they can discover when they are being paid less than men.

The two tenets of the bill: (a) prohibit employers from asking potential employees about salaries in a previous job, and (b) prevent employers from negatively sanctioning employees who discuss their salaries.

Requiring salary history is unfair to women who make less than their male counterparts and is not necessary to decide how much to pay employees. There is data available showing the range in wages for every type of work in Hawaii.

There are other tools available to employers such as paying salaries based on educational level, work experience, and specific skills. Being forced to disclosing previous salaries keep women's pay artificially decreased.

Sanctions against discussing salaries make it possible for employers to hide this discrimination from female employees. Women are greatly disadvantaged when disparities in salaries are hidden.

There is little that women can do to protect themselves against the gender pay gap. I feel strongly that this bill is needed to help women to achieve economic equity in employment and ensure that our women – and their children and families – can find economic security in the Aloha State.

Sincerely,

Janet Morse

AAUW Hawaii Member

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

DATE: Friday, February 23, 2018

TIME: 10:30 A.M.

PLACE: Conference Room 211

STRONG SUPPORT FOR SB2351 that would prohibit prospective employers from requesting or considering a job applicant's wage or salary history as part of an employment application process or compensation offer. Prohibits enforced wage secrecy and retaliation or discrimination against employees who disclose, discuss, or inquire about their own or coworkers' wages.

Lilly Ledbetter was hired by Goodyear in 1979. After working for Goodyear for nineteen years, and nearing retirement, Ledbetter received an anonymous note revealing that she was making thousands less per year than the men in her position. Her discovery and subsequent crusade led the Lilly Ledbetter Fair Pay Act in 2009. Unfortunately the act has failed to result in equal pay for equal work due at least in part to the fact the right-wing led Supreme Court severely restricted the time period for filing pay discrimination claims, making it onerous for the individual woman.

Fortunately we in Hawaii have the opportunity to redress this imbalance. Keep in mind that women in Hawaii are still making 20 percent less than men doing the same job. Wage secrecy policies that include retaliation for disclosure coupled with employers basing salary/wages on a woman's already unequal pay at her previous job keep women from advancing.

These discriminatory practices hurt everyone, including the employer who may gain in short-term profits but will loose in morale and productivity. The economy as a whole suffers from these practices as dissatisfied workers look elsewhere resulting in a constant and costly churn in the workforce.

Please pass this bill,

Mahalo for the opportunity to testify,

Ann S. Freed Co-Chair, Hawai`i Women's Coalition Contact: annsfreed@gmail.com Phone: 808-623-5676

SB-2351

Submitted on: 2/20/2018 10:17:32 PM

Testimony for WAM on 2/23/2018 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Beverly Munson	Individual	Support	Yes

Comments:

Thank you for considering my testimony in STRONG SUPPORT of SB2351.

As a Senior Human Resources professional who has extended well over 1,000 job offers in my almost 30 year career, I know from first-hand experience three things:

- 1) In companies where salary history was collected as part of the application process women typically earned less than their male counterparts doing the same job with similar education, work experience and job skills;
- 2) In companies where salary history was NOT collected as part of the application process, men and women performing the same job with similar education, work experience and job skills earned substantially the same and there was no significant gender pay gap;
- 3) Having worked in states where employees were free from punitive action or discrimination for sharing their personal salary information I never saw any harm come to employers in those states, but did see employers be more attentive to pay practices that paid employees equitably.

My first-hand professional experience leads me to firmly believe that pay equity legislation such as SB2351 is an essential first step toward closing the 16% gender pay gap that exists in Hawaii, and therefore respectfully ask your full support in passing SB2351 as originally written without amendment.

As you deliberate SB2351 I ask that you consider the following:

ELIMINATING SALARY HISTORY IN THE APPLICATION PROCESS REMOVES BARRIERS TO PAY EQUITY: Despite anti-discrimination laws against setting wages based on gender, employers typically base salary offers on one's past salary which perpetuates America's centuries-old practice of paying women less than men.

SALARY HISTORY IS NOT AN INDICATOR OF ONE'S ACTUAL FUTURE PERFORMANCE: Opponents to pay equity legislation argue that salary history is needed to effectively evaluate a job candidate's prospective performance. In my professional experience working with thousands of employees this simply is not true.

I've seen highly paid employees perform poorly, and less paid employees who are stellar workers.

REMOVING SALARY HISTORY FROM PROSPECTIVE EMPLOYMENT DISCUSSIONS WILL NOT WIDEN THE GENDER PAY GAP as some opponents to this bill claim. Basing salary discussions on an applicant's training, education, skills and experience rather than what one has earned in the past will focus discussions on factual job-relevant information. My experience in companies that did not use salary history was that such discussions resulted in women being paid akin to their male peers with similar qualifications because "salary history bias" was removed.

SKILLFUL INTERVIEWING, NOT SALARY HISTORY PROVIDES AN UNBIASED JOB-RELEVENT MEANS FOR EMPLOYERS TO EVALUATE JOB

CANDIDATES: As stated earlier in this testimony, after hiring more than 1,000 employees I know first-hand that past salary is NOT an indicator of future job performance. Using well-crafted job-focused interview questions an attentive hiring manager can in a nondiscriminatory manner glean specific information to evaluate a candidate's qualifications and where that candidate's background fits in with others in the same or substantially similar positions. That information can then be used for appropriate salary placement within the organization.

SMART CANDIDATES AVOID DISCUSSION OF ANYTHING NEGATIVE IN JOB INTERVIEWS: Opponents of SB2351 have attempted to argue that if an applicant has been underpaid in a past job they can discuss their low salary in an interview. In my experience, job candidates are not going to jeopardize their chances by saying anything negative about past employers. They are going to avoid any discussion that may lead a hiring manager to think they are a complainer or disgruntled worker.

SB2351 AS ORIGINALLY WRITTEN WITHOUT AMENDMENT IS A WELL-CRAFTED BILL: It is

- Complete:
- Clearly written and understandable; and,
- Can be implemented easily with minimal lead time at little to no cost to employers implementation is as simple as:
 - o a) stop collecting salary history on job applications; and,
 - o b) stop punishing employees who share their personal salary information.

SALARY DATA IS READILY AVAILABLE WITHOUT ASKING JOB APPLICANTS FOR SALARY HISTORY: Salary surveys are widely available for employers to gauge competitive rates for jobs in Hawaii; online tools such as salary.com are also easily accessible and take only minutes to use.

EFFECTIVE PROSPECTIVE SALARY DISCUSSIONS CAN TAKE PLACE WITHOUT SALARY HISTORY: Before beginning a recruitment effort employers typically establish a salary budget for the position in question. If they do not have formal salary ranges

established, they still determine a range that they are willing to pay depending on the salaries of existing employees and budgetary constraints. Under SB2351 employers will still be free to ask a prospective employee about their salary expectations without asking about salary history. The employer can then use the expectation discussion to determine if there is an economic match between the candidate and salary that is likely to be offered.

EMPLOYEES' RIGHT TO SHARE THEIR OWN SALARY INFORMATION DOES NOT HAVE AN ADVERSE IMPACT: Much of my career was in California where for decades employees have been entitled to share their personal salary information freely. My experience in working for several different companies, and as a consultant with over 50 clients is that: 1) knowing that an employee may share their salary information with co-workers motivated employers to be more attentive to pay equity; 2) although employees were free to share their own salary information, typically they were judicious in sharing such information; and, 3) employee privacy was protected as employers could not release salary information without the express permission of the employee.

ARGUMENTS AGAINST PAY EQUITY LEGISLATION LIKE SB2351 ARE SPECULATIVE AND UNPROVEN: On page A-14 of this past Sunday's Honolulu Advertiser a reprint of an article entitled "Balancing Act" was run. This article was ambiguous and misleading in that it presented arguments that Pay Equity Legislation won't have any effect on the gender pay gap. However, if one takes time to read the quotes from "experts" their arguments rely heavily on "might"; "could"; "I imagine" and "may". In other words, the article is supported by speculation. Pay Equity Legislation is new to many states so it is too soon to have hard evidence of such legislation's effectiveness, but my first-hand experience leads me to believe that such legislation is an essential first step to closing the gender pay gap.

THE GENDER PAY GAP HAS LIFELONG IMPACT: The gender pay gap not only affects a woman's ability to support her family during her working years, but affects her ability to build savings for emergencies or retirement. Since Social Security, 401(k) contributions, pensions, and other retirement benefits are based on one's earnings, the gender pay gap results in women living off less in their elderly years. The gender pay gap is not a "working years issue" but rather has lifelong impact.

ACTION IS NEEDED NOW TO CLOSE THE GENDER PAY GAP: Opponents to SB2351 have asked that this Bill be deferred. Not passing this legislation sets up Hawaii's women for continued economic discrimination based on their gender. Projections are that at the current rate, without legislative intervention, the gender pay gap in Hawaii will not be closed until between 2051 & 2058. Given the life-long impact of lower pay, women in Hawaii shouldn't have to wait 40 years to gain equity. Even small measures such as SB2351 will help women achieve pay equity sooner.

WOMEN IN HAWAII ARE MORE LIKELY TO LIVE IN POVERTY THAN MEN: The statistics regarding the difference between what various groups of women in Hawaii earn in comparison to their male peers are cited in SB2351 so I will not repeat them in

this testimony. I would however like to refer you to a 2017 study from the University of Hawaii's School of Social Work that indicates that women in Hawaii are 57 percent more likely than their male counterparts to live in poverty. Hawaii's gender pay gap contributes to this disturbing statistic.

HALF OF HAWAII'S POPULATION IS FEMALE: Don't the girls and women of Hawaii deserve every opportunity to adequately support their families and avoid low-income or poverty in their elder years? Based on my experience with women in the workplace, women are equitable contributors to business success and therefore should be paid equitably.

SB2351 IS WIDELY SUPPORTED: Before writing this submission, I read all of the previous SB2351 testimony posted on www.capitol.hawaii.gov. Of the 34 previous submissions, 31 are in support of this legislation. I hope that you will agree that it is time for SB2351 to become law. I respectfully ask that you advance this bill as originally written without amendment.

Thank you for considering the points above. I hope my experience and expertise as a Human Resources professional provides helpful information.

Sincerely,

Beverly M. Munson

SB-2351

Submitted on: 2/21/2018 3:02:23 AM

Testimony for WAM on 2/23/2018 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing	
Younghi Overly	Individual	Support	No	

Comments:

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

Thank you for the opportunity to testify in strong support for S.B. 2351.

In Hawaii, median annual pay for a woman who holds a full-time, year-round job is \$40,434 while median annual pay for a man who holds a full-time, year-round job is \$48,074. This means that women in Hawaii are paid 84 cents for every dollar paid to men, amounting to an annual wage gap of \$7,640. This equates to about 51 weeks of food for the working woman. In Hawaii, more than 52,000 family households are headed by women; about 17 percent of the families headed by women have incomes that fall below the poverty level. Eliminating the wage gap would provide much-needed income to women whose wages sustain their households. So not only do gender pay gap unfair to the working women, it is unfair to their families. (Source: National Partnership for Women & Families, Hawaii Women and the Wage Gap, April 2017)

S.B. 2351 proposes two effective simple fixes to the problem of gender pay gap, at zero cost to the employers. By prohibiting employers from asking potential employees about their earnings at a previous job, women will be offered salaries based on their educational qualifications, their occupational skills, and their workplace successes, rather than the lower wages they suffered at previous jobs. Preventing employers from retaliating employees who discuss their wages is also helpful for businesses in a fair wages environment because it encourages knowledge of wages and knowledge of fairness to percolate among employees. A research by a coalition of Columbia-Berkley economists demonstrates that this knowledge will be good for worker morale, the workplace environment, and ultimately, business output. (Source: Emily Breza, Supreet Kaur & Yogita Shamdasanani 2016 "The Morale Effects of Pay Inequality," NBER Working Papers, National Bureau of Economic Research)

Some business owners have mentioned concerns that for unspecified means they won't be able to hire good employees if they don't know previous salaries. I doubt that Hawai'i businesses are quite as poorly managed as implied by this statement, which is readily countered by available information from other locations. Hiring of good employees has not proved to be an issue in other jurisdictions, where employers do not access salary information. There are ample data for making good hiring decisions, available from the

application of careful interview strategies, combined with attention to letters of reference about potential employees, and other documents, including Resumes, university transcripts, and a history of previous work experience.

It has also been suggested that disclosure of salaries should be voluntary. This type of modification would reduce the effect of the bill significantly. Potential employees would feel pressured to disclose, and nervous that lack of disclosure would be viewed as uncooperative by the potential employer and diminish their chances of a job offer. This bill needs to cover businesses fully, which is the only way to reduce the gender pay gap. There also is a fallacious argument that maintaining the status-quo is more protective of women than removing salary disclosure. We already have decades of data demonstrating that the existing system is penalizing women, so an argument for the status-quo is not one that women endorse.

It has been unfortunate that the media have seen fit to disseminate a report by a PayScale employee, who lacks academic credentials in economics or research methods suggesting that salary disclosure has no effect on the gender pay gap. Her study is methodologically flawed, and PayScale, which gathered the data, benefits to the tune of millions of dollars from states not passing the type of legislation considered in this bill. While the company has been supportive of other equal pay initiatives, they are not supporting this one which affects their bottom line significantly. However, most businesses do not sell data about wages, and as has been shown, most businesses will benefit from following the rules suggested in this bill, as do employees.

As a retired IBM manager, I can testify for S.B. 2351 based on its benefit to the employers. Starting late 1990s, IBM started to track and share with employees where their pay stood in comparison to what market paid. This meant the managers had to make sure that employees were paid fairly in order to retain them. This also assured the employees that they were paid fairly, reducing the suspicion that employees at other companies may be getting paid better. While fair pay is not the only tool available to managers, I believe this fair and transparent pay practice which S.B. 2351 would create helped with employee morale and employee retainment. In one case when I made sure that an employee was paid fairly for the work she was doing rather than paid based on pay from her previous job (she was a teacher), she went extra mile whenever IBM needed her to do so and became one of the best performers in the business unit.

So I strongly support S.B. 2351 because it is fair to women, for their families, and because these fair pay practices are also good for the employers.

<u>SB-2351</u> Submitted on: 2/22/2018 9:56:02 AM

Testimony for WAM on 2/23/2018 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
E. Ileina Funakoshi	Individual	Support	No

Comments:

SB-2351

Submitted on: 2/21/2018 9:30:35 AM

Testimony for WAM on 2/23/2018 10:30:00 AM

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

Comments:

Hearing Date: February 23, 2018, 10:30 AM, Conf. Rm. 211

To: Senate Committee on Ways and Means

From: Jean Evans (Individual, jevans9999@yahoo.com, 808-728-1152, 99-1669 Hoapono Pl., Aiea, Hi. 96701)

My name is Jean Evans. I retired after 40 years holding executive positions in several Hawaii non-profit agencies. In these positions I interviewed hundreds of applicants. I am also a member of AAUW Hawaii.

I am in STRONG SUPPORT of SB 2351 Relating to Equal Pay

It is well documented that there is a large gap in pay across the nation and I Hawaii where women earn only 85% of what men earn.

Non-profit agencies in Hawaii have historically offered low salaries which did not reflect the level of education, experience and especially, responsibility, associated with the positions. These agencies, which have been predominantly filled by females with a few male top executives, were seen as helping and giving organizations and so perpetuated the idea that women should work for lower wages for the good of the community. Slowly this mind-set is changing to reflect a more professional attitude toward the non-profit workforce. However, this change continues to remain slow and contributes significally to the wage gap.

In my application for the two Executive Director positions which I subsequently secured, I was required to list my past pay history, which because I worked my way up the ladder in non-profits was Lowe's than salaries in other sectors in Hawaii. Only after being in these positions, did I discover that previous Executive Directors were compensated well above me. I one case over twice my salary.

I am ashamed to admit, when in the position of hiring, I often used previous salary history to offer lower salaries to save funds for the agency. I also found myself using Pay history to eliminate applicants with high salary histories who were perhaps changing fields or relocating from the mainland thinking that they

wouldn't consider the lower rangel could offer. With the increased usage of online application processes, screening by salary history often eliminates applicants even before an interview or leads to focusing on "bargain" employees. If this measure were inplace all applicants would be considered based on their qualifications rather than pay history.

No matter how good your intentions are when in the position of hiring, if past salary history is available, it very tempting to use it as a factor in hiring.

I also support prohibiting retaliation against employees who share and discuss their own wages.

Employee turnover continues to be a problem in Hawaii, especially when unemployment is low. This bill is an important step in reducing turnover by ensuring competitive salaries and equal treatment.

LetHawaii join other states in passing this important legislation so that we can level salary discrepancies and retain talented employees. I encourage your support for this measure.

Mahalo for your consideration.

<u>SB-2351</u> Submitted on: 2/21/2018 8:32:10 PM

Testimony for WAM on 2/23/2018 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing	
Lea Minton	Individual	Support	No	1

Comments:

<u>SB-2351</u> Submitted on: 2/21/2018 1:57:15 PM

Testimony for WAM on 2/23/2018 10:30:00 AM

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	Individual	Support	No

Comments:

To: Senate Committee on Ways and Means

Hearing: Thursday, February 22, 2018, 10:10AM

Place: Conference Room 211

Re: SB2351: Relating to Equal Pay

Attending Hearing: No

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

Thank you for the opportunity to provide testimony. I write in strong support of SB2351. Please pass this bill, in order to give all Hawai'i workers an opportunity to earn a fair wage.

Giving workers the opportunity to not divulge their previous wages will let new hires earn an income relative to their current skills and experience. Currently, employers can offer a low wage to a new employee if they were paid significantly less at their previous job, even if that employee is worth a lot more.

In addition, giving workers the opportunity to discuss their wages without repercussion will give those who were being underpaid the chance to earn what they are truly worth. This will increase a workers opportunity to raise their wage in proportion to their increased skills and responsibilities.

Hawai'i workers deserve to know just as much about the labor market as their employers do and SB2351 will give them this chance.

Mahalo for the opportunity to submit testimony and for considering passing this important bill.

Kanani Derrickson	Jane Allred	Erynn Fernandez
Kimiko LaHaela Walter	Jena Brittain	Landon Li
Maxim Poudrier-Tudan	Jun Shin	Flora Wang
Ross Villiger	Malia Brittain	