

**Department of Labor and Industrial Relations
Supplemental Biennium Budget Briefing – Fiscal Year 2009
Senate and House Labor Committees
Chairs Brian Taniguchi & Alex Sonson**

**Friday, January 11, 2008, 9:00 a.m.
Room 016**

Introductory Remarks

Good Morning Chair Taniguchi and Chair Sonson and committee members, I am Darwin Ching, Director of Labor and Industrial Relations.

This morning I would like to introduce the Administrators and leadership team for the Department, and then discuss with you our budget and FY 2009 supplemental budget requests.

If time permits, I am also prepared to discuss the individual agencies within the DLIR and their major accomplishments in FY 2008.

I. Introduce Administrators/Leadership Team:

- Colleen LaClair, Deputy Director
- Patrick Fukuki, Business Management Officer, Administration Services Office
- Ann Sueoka, Personnel Officer
- Elaine Young, Administrator, Workforce Development Division
- Ann Yamamoto, Executive Director, Workforce Development Council
- Pamela Martin, Administrator, Wage Standard Division (Carole Hara)
- Jamesner Dumlao, HIOSH Program Specialist
- Bill Hoshijo, Executive Director, Hawaii Civil Rights Commission
- James Nicholson, Chairman, Hawaii Labor Relations Board
- Linda Uesato, Administrator, Unemployment Insurance Division
- Gary Hamada, Administrator, Disability Compensation Division (Temporary Disability Insurance, Workers' Compensation, Prepaid Healthcare Act)
- Serafin (Jun) Colmenares, Executive Director, Office of Language Access
- Roland Thom, Chairman, Labor and Industrial Relations Appeal Board
- Joyce Pang, Appeals Officer, Employment Security Appeals Referees' Office
- Naomi Harada, Chief, Research & Statistics Office
- Sam Aiona, Executive Director, Office of Community Services
- James Hardway, Special Assistant / Legislative Coordinator

II. Department Goals:

- To promote access to employment and assess the needs and skills of the workforce.
- To alleviate the economic hardship of workers during the periods of disability and temporary unemployment.

- To protect the employment rights of workers and to assure a safe and healthy workplace.
- To develop, deliver and coordinate information to meet labor market supply and demand.
- To promote harmonious working relationship between labor, business, educators and government agencies.

III. DLIR Budget Overview

- Operating Budget of approximately 300-million dollars.

Personnel

- Approximately 80% of our funding comes from the federal government.
- In terms of personnel, we have approximately 700 positions (708.1 in FY 2007).
 - Federal Funds. Approximately 434 positions are funded by the federal government, totaling \$80-million.
 - State General Funds. Approximately 266 positions are funded by the state general funds, totaling approximately \$20-million dollars.

Unemployment Program

- Approximately \$170-million, or two-thirds of our budget are allocated for our unemployment program. Most of these funds are for the unemployment insurance benefits. (The current balance of the trust fund is \$524 million).

IV. Highlights of DLIR Budget Adjustment Requests for FY 2009

DLIR budget for FY 2009 is relatively unchanged from the previous year with the following adjustments.

- \$3,076,832 to cover collective bargaining increases.
- Also, adjustment of approximately \$600-thousands dollars for the following programs:
 - Add \$65,000 in general funds for the Labor and Industrial Relations Appeals Board to fill a Hearings Officer position on a full-time basis.
 - Delete the general funded Clerical Supervisor III position (.50 FTE, permanent) and the Interdepartmental transfer funded Labor Law Enforcement Specialist I position (1.00 FTE, temporary) in the Wage Standards Division due to no funding.
 - Add \$696,000 in interdepartmental transfer funds from the State Department of Human Services for the Office of Community Services to

provide employment core services for low-income persons and immigrants.

V. Discuss Individual Programs.

LBR-111 Workforce Development Program

The **Workforce Development Division (WDD)** is a customer-driven workforce development system that assists job seekers, workers and industries. WDD provides a free referral and placement service that links qualified job seekers with employers.

FY 2008 Significant Accomplishments:

- HireNet Hawaii - the WDD installed HireNet Hawaii, the state's largest and most comprehensive job board, in July 2006.
 - Since its installation, HireNet attracted over 44,000 jobseekers and 2,300 employers who posted over 9,000 job openings.
 - For the 12-month period ending September 30, 2007, 56% of jobseekers registered in HireNet found jobs in Hawaii.
- Applied for and received \$2.45 million federal Job Training grant to provide skills training to military spouses stationed in Hawaii.

Positions: 123.50; **FY 2007-08:** \$60,376,982; **FY 2008-09:** \$60,376,982 (almost fully federal funded).

LBR-135 Workforce Development Council

The Hawaii **Workforce Development Council ("WDC")** is a private sector-led body responsible for advising the governor and legislature on workforce development to support economic development and employment opportunities for all.

It is also the State Workforce Investment Board for purposes of the Workforce Investment Act (WIA) of 1998.

FY 2008 Significant Accomplishments:

- Published and broadly disseminated *Solutions at Work*, a tool for employers willing to hire individuals from populations currently under-represented in the workforce.
 - These groups include older workers, people with disabilities, welfare recipients, immigrants, and ex-offenders.
 - The booklets have been distributed at employer-oriented workshops and conferences, as well as to public and private agencies performing outreach to clients in these categories.
- In conjunction with the Hawaii Career Resource Network ("HCRN", a federally-funded program), assisted work and college-bound students with career assessments and planning.

- Facilitated the Education-Workforce Working Group created by Act 283, SLH 2007 (Senate Bill 1931) as it examined questions related to incorporating work-relevance into Hawaii's public education system.
- Together with county WIBs, secured \$10 million in Reed Act funding for an array of workforce programs.

Positions: 3; **FY 2007-08:** \$632,475; **FY 2008-09:** \$632,475 (apx. 2/3 federally funded, and 1/3 general funds).

LBR-143 Hawaii Occupational Safety and Health Program

The Hawaii Occupational Safety and Health ("HISOH") division is a federally approved state program responsible for enforcing workplace safety and health for both private and public employers.

FY 2008 Significant Accomplishments:

- Conducted Crane and Rigging training for Safety and Health inspectors and consultants
- Conducted training session on interviewing techniques. Small Business workshops.
- Provided presentation to the Board of Education pointing out recurring hazards that HIOSH has found in the schools.
- Offered assistance from HIOSH and private sector consultants to assist in providing safer schools.
- Increased VPP ("VPP") membership by 1 and SHARP membership by 7 in FY 2008. This is HIOSH and OSHAs premier safety and recognition programs.

Positions: 67 ; **FY 2007-08:** \$4,406,612; **FY 2008-09:** \$4,406,612; (50% federally funded, 50% state general funds)

LBR-152 Wage Standard Division

The Wage Standard Division ("WSD") is responsible for enforcing:

- Chapter 104, Wage and Hours on public works construction projects
- Minimum wage, overtime and unpaid wages
- Discrimination in employment due to workers compensation
- Child labor laws, and
- Hawaii Family Leave law

FY 2008 Significant Accomplishments:

- Responded to a 24% increase in unpaid wage claims by completing 825 cases in Calendar Year 2007, finding \$624,034 in back wages due and penalties for 498 employees.
- Expanded outreach to partner state and county agencies to improve consistent enforcement of Chapter 104 prevailing wages on public works.

- Worked with Construction AD Hoc Committee to resolve issues regarding Chapter 104 education and enforcement.

Positions: 24.50; **FY 2007-08:** \$1,309,620; **FY 2008-09:** \$1,309,620 (100% state general funds).

LBR-153 Hawaii Civil Rights Division

The Hawaii Civil Rights Commission is the state agency responsible for enforcing state laws prohibiting discrimination in employment; public accommodations, and access to state and state-funded services.

The HCRC receives, investigates, conciliates, and adjudicates complaints of discrimination.

FY 2008 Significant Accomplishments:

- Played active role in settling cases through mediation.
- Reduce backlog of cases -- at the end of FY 2006 there were 329 cases, compared to 620 open cases in FY 1998.
- Closed all cases that were more than 2 years old.
- Goal is to complete investigation of cases within 18 months.
- Continue outreach and educational efforts.

Positions: 30.00; **FY 2007-08:** \$1,347,475; **FY 2008-09:** \$1,347,475 (100% state general funds).

LBR-161 Hawaii Labor Relations Board

The Hawaii Labor Relations Board (“HLRB”) conducts hearings to decide complaints filed by public and private sector employees, employee organizations or unions, and employers alleging prohibited or unfair labor practice complaints.

In addition, the HLRB hears and decides appeals of decisions rendered by the DLIR’s HIOSH division.

FY 2008 Significant Accomplishments:

- Continued to issue timely decisions regarding unfair labor practices, collective bargaining issues, and HIOSH contested cases.
- Through the efforts of Board member Emory Springer able to bring parties together and resolve their disputes
 - Director of Environmental Services and State Director UPW
 - Director Public Safety and State Director UPW
 - Department of Education and HSTA
- HLRB Decisions to be published on Westlaw

Positions: 1; **FY 2007-08:** \$466,419; **FY 2008-09:** \$466,419 (100% state general funds).

LBR-171 Unemployment Compensation Program

The Unemployment Insurance (“UI”) division is responsible for ensuring that workers who become unemployed through no fault of their own receive UI benefits

FY 2008 Significant Accomplishments:

- Met or exceeded all federally established core performance measures. Despite staffing and funding issues, UI was able to successfully achieve the desired performance goals.
- Quality Control – correct payment percentage 91.73%. UI still able to maintain a very high rate of correct payments based on audits performed on claimants receiving UI benefits.
- Installed program in August 2007 to “erase” confidential information from computer hard drives, diskettes and other media to protect against “identity theft”
- Implemented National New Hire Directory Crossmatch in September 2007 in order to match out-of-state new hires against benefit payment records.

Positions: 207.50; **FY 2007-08:** \$181,426,325; **FY 2008-09:** \$181,426,325 (100% federal funds).

LBR-183 Disability Compensation Program

The Disability Compensation Division (DCD) administers: the Workers' Compensation (WC) law, the Temporary Disability Insurance (TDI) law, and the Prepaid Health Care (PHC) law.

FY 2008 Significant Accomplishments:

- Conducted over 2,500 hearings statewide, scheduling over 95% of hearings within 80 days of request and issuing 99% of decisions within 60 days of hearing.
- Approved over 7,000 settlements within 10-14 days of receipt.
- Assisted and approved second workers' compensation collectively bargained WC agreement for the Basic Construction Trades
 - Will allow resolution of claims independent of the DCD process, through an ombudsman, mediation and arbitration.
- Walter Kawamura, WC Hearings Manager won State Manager of the Year
- Gail Okada won DLIR Employee of the Year
- Cheryl Lee won Superior Performance Award

Positions: 117.00; **FY 2007-08:** \$29,154,997; **FY 2008-09:** \$29,076,997 (100% state general funds).

LBR-316 Office of Language Access

The Office of Language Access (“OLA”) provides centralized oversight, coordination and technical assistance to state agencies, including “state-funded” organizations, that provide services to the public on behalf of the state, in implementing and providing language access requirements to individuals who are precluded from using public services due to English-language proficiency barriers.

FY 2008 Significant Accomplishments:

- Established and organized the Language Access Advisory Council;
- Completed staffing of the office and established operating procedures;
- Provided technical assistance to state agencies and covered entities through a series of statewide workshops, training sessions with agency staff, and one-on-one or group meetings with agencies;
- Ensured compliance with the law and the meeting of deadlines for submission of language access plans;
 - 22 State agencies are in compliance
 - 28 covered entities have submitted language access plans
- Developed a complaint process;
- Collaborated with other agencies such as the Compact of Free Association (COFA) Task Force, the Judiciary’s OEAC training of Micronesian interpreters.

Positions: 6.00; **FY 2007-08:** \$374,651; **FY 2008-09:** \$440,000 (100% state general funds).

LBR-812 Labor and Industrial Relations Appeal Board

The Labor and Industrial Appeals Board (“LAB”) hears and issues decisions on workers compensation decisions appealed from the DCD.

FY 2008 Significant Accomplishments:

- Two new board-members in 2006. Need to continue to improve appeals system and 14-month average “turn-around time.”
- FY 2008 number of appeals received: 614
- FY 2008 number of appeals disposed: 559
- FY 2008 number of conferences held (initial and settlement): 1,222
- FY 2008 number of motions hearings: 225
- FY 2008 number of trials: 90

Positions: 12.00; **FY 2007-08:** \$762,566; **FY 2008-09:** \$762,566 (100% state general funds).

LBR-871 Employment Security Appeals Referees’ Office

The Employment Security Appeals Referees' Office's ("ESARO") principal function is to hear and decide appeals arising from determinations issued by Hawaii's Unemployment Insurance Division. Although housed under the same Department, the UI division and the Appeals Office perform statutorily independent functions from each other.

FY 2008 Significant Accomplishments:

- On April 30, 2007, the average appeal case was at 982.9 days, with 152 cases more than a year old.
- As of December 31, 2007, the office lowered the average to 181.2 days and reduced cases pending one year or more to 24.
- This is directly attributable to existing permanent employees working beyond their normal schedule to remain current on new cases as well as additional assistance from hard-working 89-day employees.
- Met USDOL promptness and quality standards in FY 2006. Federal promptness standards are 60% of the appeals decided within 30 days of filing and 80% of the appeals decided within 45 days of filing.
 - ESARO performed at 60.3% and 84.3%.
 - The desired federal level of achievement for quality is 85% and ESARO scored 93.7%.
- 89% new appeals were scheduled within 30-days of the appeal, 100% of the new appeals were scheduled for hearing within 45-days of filing.

Positions: 10.80; **FY 2007-08:** \$904,402; **FY 2008-09:** \$904,402 (100% federal funds).

LBR-901 Data Gathering, Research and Analysis

The Research and Statistics ("R&S") Office conducts labor research and analysis; develops labor force estimates on employment and unemployment, and short-term and long-term occupational projections, in cooperation with the Bureau of Labor Statistics, and the Employment and Training Administration, U. S. Department of Labor; and provides technical assistance and program specific management information to program divisions of the department.

FY 2008 Significant Accomplishments:

- Provided benefit, tax and fund balance estimations to assist in the analysis of the effects of the many unemployment insurance proposals considered during the 2007 legislative session, including HB 1500, which became Act 110, providing employers with major cuts in unemployment insurance taxes as well as temporary increases in claimant benefits.
- Conducted surveys and analysis of medical fees resulting in major changes to the Workers' Compensation Medical Fee Schedule, which became effective January 1, 2007.

- Assisted the DCD in providing information to the Legislative Reference Bureau for a report mandated by SCR 77, SD2, HD1 on medical reimbursement rates.
- Installed an online system providing employers an opportunity to submit wage information used in determining HRS Chapter 104 construction wage rates for state and county government construction jobs.

Positions: 37.00; **FY 2007-08:** \$2,883,953; **FY 2008-09:** \$2,883,953 (funded with both federal funds and state general funds).

LBR-902 General Administration

The includes the Office of the Director Office, EDPSO, Information Office, Administrative Services Office (ASO), Equal Employment Opportunity Officer, Personnel Office, and neighbor island District Offices.

Positions: 62.94; **FY 2007-08:** \$4,611,734; **FY 2008-09:** \$4,611,734 (funded with both federal funds and state general funds).

LBR-903 Office of Community Services

The Office of Community Services (“OCS”) assists Hawaii’s low-income, immigrant and refugee populations to overcome and eliminate workforce barriers to economic self-sufficiency via an array of community-based programs and services. OCS primarily contracts and administers program services on behalf of the State and Federal governments. OCS is responsible for allocating funds via a competitive purchase of services process unless the funding source authority directs award to a specific organizations.

FY 2008 Significant Accomplishments:

- Implemented performance-based contracting to ensure accountability and increased efficiency from service providers.
- Coordinates the State of Hawaii employees’ food drive.
- Lead efforts to employ our Micronesian residents.
 - Micronesian conference.
 - Facilitate hiring of Micronesian residents for Oahu farms.

Positions: 6.00; **FY 2007-08:** \$9,453,392; **FY 2008-09:** \$9,453,392 (100% state general funds).

LBR 905 Hawaii Career (Kokua) Information Delivery System

Career Kokua maintains and provides information to a computerized system of localized, current career and related educational information essential for sound career decision making. Career Kokua provides students and young persons with tools regarding careers planning.

FY 2008 Significant Accomplishments:

- Provided Career Information Delivery System (“CIDS”) information and services via the Internet to 181 schools and agencies with over 188,000 users in Hawai’i. There were over 162,941 web site hits during the year.
- Twenty-four (24) CIDS Training Workshops were conducted for 139 teachers, counselors, workforce development specialists, administrators, and other career development professionals statewide.
- Two major CIDS updates were completed and delivered to all user sites – the Annual Update which included updates to all assessments, information files, and delivery systems and a Mid-Year Update which included an update to the Occupations and Industries files, and the Activities Curriculum Handbook.

Positions: 8; **FY 2007-08:** \$430,998; **FY 2008-09:** \$430,998 (100% state general funds)