

TESTIMONY

HB987 HD2

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DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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March 23, 2009

To: The Honorable Dwight Y. Takamine, Chair
and Members of the Senate Committee on Labor

Date: Tuesday, March 23, 2009

Time: 2:45 p.m.

Place: Conference Room 224
State Capitol

From: Darwin L.D. Ching, Director
Department of Labor and Industrial Relations

Re: H.B. 987 HD 2 - Relating to Unemployment

I. OVERVIEW OF PROPOSED LEGISLATION

H.B. 987 HD 2 proposes to establish two programs to assist unemployed persons:

- a temporary public service jobs program with related training and employment services; and
- subsidies to private employers to help defray extra costs of employment, training, and supportive services when hiring new employees.

Both programs are intended to alleviate high unemployment and assist unemployed persons' movement into unsubsidized jobs. Effective date is later of July 1, 2009 or date when the state unemployment rate exceeds 7%. Proposed funding is from state general revenue.

II. CURRENT LAW

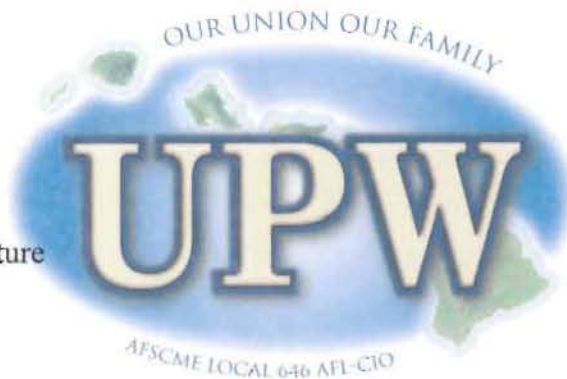
Currently, there is no law for this program.

III. HOUSE BILL

The Department opposes this bill because of its high cost to the State.

About 30 years ago, a similar public service jobs program, entirely supported by federal funds, was implemented in Hawaii and across the nation. Later, the state established another program funded by state general revenue. Both programs were effective in raising participants' skill levels at work and increasing their morale and motivation to find unsubsidized work. Many talented individuals were hired as civil servants after the programs ended. However, the programs were very costly because subsidized wages were (and continue to be) generally much higher than costs of employment activities such as job referrals and training.

Based on information received during a national reemployment conference sponsored by the federal Department of Labor a month ago, it is unlikely that the federal economic stimulus legislation will include federally-funded public service jobs through the Department of Labor. Within the Department of Labor and Industrial Relations, we are planning to expand re-employment activities and ramp up the retraining of laid-off workers, using federal economic stimulus funds.



The Senate
The Twenty-Fifth Legislature
Regular Session of 2009

Committee on Labor

Sen. Dwight Takamine, Chair
Sen. Brian Taniguchi, Vice Chair

DATE: Tuesday, March 24, 2009
TIME: 2:45 p.m.
PLACE: Conference Room 224

**TESTIMONY OF THE UNITED PUBLIC WORKERS, AFSCME, LOCAL 646, AFL-CIO
ON HB 987, HD2, RELATING TO UNEMPLOYMENT**

My name is Dayton M. Nakanelua, state director of the United Public Workers, AFSCME, Local 646, AFL-CIO (UPW). The UPW currently represents approximately 8,700 blue collar, non-supervisory employees and 2,800 institutional, health, and correctional workers in the State of Hawaii and the various counties. We also represent approximately 3,000 retired members currently receiving benefits under chapter 87A.

The UPW supports this measure which assists unemployed persons with on-the-job training to move them into full or part-time employment, and subsidizes employers who train and hire unemployed persons provided that these subsidies do not replace current workers. This approach addresses the steady increase in our unemployment numbers and the domino effect it has on our economy: with job loss, families lose purchasing power, businesses suffer, our tax revenues decline, which exasperates our already stretched-thin safety net. We believe this program is pro-active and visionary by confronting the rising unemployment problem today while it is still manageable. For this reason, we urge the passage of this measure.

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