

SB 1664

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February 24, 2009

To: The Honorable Donna Mercado Kim, Chair
and Members of the Senate Committee on Ways and Means

Date: February 26, 2009

Time: 9:00 a.m.

Place: Conference Room 211, State Capitol

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

S.B. 1664 S.D. 1 - Relating to Employment Security

I. OVERVIEW OF PROPOSED LEGISLATION

S.B. 1664 S.D. 1 proposes to amend Chapter 383, Hawaii Revised Statutes (HRS) to add definitions and claimants' requirements relating to partial unemployment for eligibility, claims filing, and registration, and the employers' reporting requirements. This measure basically seeks to codify what is already contained in our administrative rules for a temporary period, from 7/1/09 thru 6/30/12.

II. CURRENT LAW

Currently, the requirements for partial claims are contained in the Department's administrative rules, Chapter 5, Title 12.

1. §12-5-1 on definitions.
2. §12-5-31 on registration.
3. §12-5-81 on claims filing.
4. §12-5-17 on employer reporting.

III. SENATE BILL

The Department does not oppose this measure regarding partial claims filing as the proposed provisions are already being applied to partial claims as prescribed in our administrative rules. The only difference to our current practice is the extension of partial unemployment from four to eight weeks, which our existing rule permits and we have applied in numerous circumstances to allow employers the flexibility to maintain their staff.

The Twenty-Fifth Legislature
Regular Session of 2009

1703

THE SENATE
Committee on Ways and Means
Sen. Donna Mercado Kim, Chair
Sen. Shan S. Tsutsui, Vice Chair

State Capitol, Conference Room 211
Thursday, February 26, 2009; 9:00 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 1664, SD1
RELATING TO EMPLOYMENT SECURITY**

The ILWU Local 142 supports S.B. 1664, SD1, which adds definitions relating to partial unemployment and sets out claimants' eligibility, claims filing, and registration requirements, and employers' reporting requirements for partial unemployment.

Due to the current economic crisis, Hawaii's unemployment rate went from one of the lowest in the nation to 5.5% in December, the highest it has been in a decade. With the increase in claims filers, the Department of Labor and Industrial Relations even had to hire additional workers to process claims.

Those filing for unemployment benefits are not just the unemployed. They are often the underemployed, meaning that they are still employed but scheduled fewer work hours each week while retaining benefits like health insurance. Employers who cut hours rather than lay off completely understand that loyalty and productivity will result when the economy picks up and employees are needed on a full-time basis again.

Workers attached to their employers and working less file partial claims for unemployment benefits. Partial claims are intended for only four weeks, after which, if the unemployment or underemployment continues, the Department may extend eligibility for benefits. In the ILWU's experience, this has worked out well.

When Ritz-Carlton Kapalua was scheduled to shut down in 2007 for massive renovations, all of the workers filed for partial claims. If the employer was able to offer work, the employee was obligated to accept it. In addition, some of the employees sought part-time or temporary work on their own, realizing that their unemployment benefit may not be enough to sustain them during the renovation period. The employer was more than willing to assist with filing the Weekly Report of Low Earnings to ensure that all employees would be willing to return to work when the hotel re-opened.

Similarly, in 2008, Princeville Resort shut down for renovations, expected to be completed within seven months. By then, a federal extension was in place, and the employees would have been eligible for the additional month of benefits. However, as completion of renovations has been delayed until this summer, the employees will need to take advantage of even more of the federal extension. This employer as well has provided assistance to complete necessary forms and hopes that all of the workers will return to the hotel.

Recently, Four Seasons Resort on Lanai has had to cut work hours and help their employees file partial claims for unemployment benefits. On Lanai, the workforce issue is a challenge for both employer and employees. The employer will be hard-pressed to find workers to replace those they currently have, but the employees also have no other employment options unless they move off the island. Partial unemployment claims is a good way to minimize disruption, keep workers' benefits intact, and ensure income that will be spent in the community.

The ILWU urges passage of S.B. 1664, SD1. Thank you for the opportunity to provide testimony on this important matter.