

**LATE**

**SB 2392**

LINDA LINGLE  
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February 8, 2010

TESTIMONY TO THE  
SENATE COMMITTEE ON HUMAN SERVICES AND  
SENATE COMMITTEE ON LABOR  
For Hearing on Tuesday, February 9, 2010  
3:30 p.m., Conference Room 016

**LATE**

BY

MARIE C. LADERTA, DIRECTOR

**Senate Bill No. 2392**  
**Relating to Family Leave Insurance**

**(WRITTEN TESTIMONY ONLY)**

TO CHAIRPERSONS CHUN OAKLAND AND TAKAMINE AND MEMBERS OF THE  
COMMITTEES:

The purpose of S.B. No. 2392 is to create a family leave insurance fund to be administered by the Department of Labor and Industrial Relations (DLIR) under the workers' compensation statute. It amends the definition of injuries covered under the workers' compensation statute to include family leave.

The Department of Human Resources Development is **strongly opposed** to this bill. Chapter 386, Hawaii Revised Statutes, was enacted for the sole purpose of creating a statutory framework for the benefit of employees who suffer work-related injuries or illnesses. By adding a non-industrial component to it, there might be unintended consequences (i.e. additional workers' compensation liability for employers).

The State currently has approximately 46,766 employees. This does not include

the Legislature, the Judiciary, or Hawaii Health Systems Corporation. If the State, as an employer, is required to contribute one cent per employee, per hour worked, the State will be paying approximately \$919,526.00 into the fund. This bill will add costs to employers at a time when they can least afford it and there is no appropriation for this program.

Additionally, State employees already earn paid sick and vacation leaves that may be applied to Family Leave. They may substitute up to four weeks of their accrued and available sick leave for family leave purposes as provided for by their respective collective bargaining unit agreements, and accrued vacation leave for any part of the four weeks of family leave.

Other states have implemented similar programs. Our understanding is that none of them are provided for under their workers' compensation statutes. Washington implemented a similar program and suspended it due to budget shortfalls until 2012. California has a State Disability Insurance (SDI) Program where employees contribute 1.1%. In May 2008, New Jersey enacted a Family Leave Insurance that is 100% worker-funded. Eligible employees began contributing .09% of their normal paycheck effective January 1, 2009, and can receive two-thirds of their normal pay up to \$548.00 per week in 2009 for up to six weeks in any twelve-month period.

Thank you for the opportunity to testify in opposition on this measure.



**The Chamber of Commerce of Hawaii**  
*The Voice of Business in Hawaii*

LATE

**Testimony to the Senate Committees on Human Services and Labor  
Conference Room 224, State Capitol  
Tuesday, February 09, 2010, 3:30 p.m.**

**RE: SENATE BILL NO. 2392 RELATING TO FAMILY LEAVE INSURANCE**

Chairs Chun Oakland and Takamine, Vice Chairs Ihara and Taniguchi, and Members of the Committees:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber does not support Senate Bill No. 2392 relating to Family Leave Insurance.

The Chamber is the largest business organization in Hawaii, representing more than 1,000 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 its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

The Chamber commends the Legislature for seeking ways to address the current situation of caregivers and supports a statewide effort to address the growing number of family caregivers especially those who work while providing care. However, we believe this measure is not the appropriate vehicle due to the additional tax on employers and employees. Furthermore, workers' compensation and family leave serve different purposes. Therefore, we do not support the creation of a fund particularly under the workers' compensation statute.

The Chamber believes that employers and employees can balance work and caregiving through voluntary programs and/or incentives. Employers understand the hardships that some employees are experiencing and care about the well-being of their employees. Many businesses are already providing a level of flexibility for employees who are in difficult situations. Businesses, recognizing the need to ameliorate the situation, will continue to seek ways to address the current concerns through their own efforts. Therefore, we question the need at this time for a Family Leave Insurance fund.

In light of the above, The Chamber of Commerce of Hawaii respectfully requests the committee does not pass SB 2392. Thank you for the opportunity to testify.