



**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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February 2, 2011

To: The Honorable Karl Rhoads, Chair
and Members of the House Committee on Labor & Public Employment

The Honorable Angus L.K. McKelvey, Chair
and Members of the House Committee on Economic Revitalization & Business

Date: Friday, February 4, 2011
Time: 9:00 a.m.
Place: Conference Room 309, State Capitol

From: Dwight Takamine, Director
Department of Labor and Industrial Relations

Re: H.B. 1076 Relating to Employment Security Law

I. OVERVIEW OF PROPOSED LEGISLATION

H.B. 1076 proposes to add a new subsection, section 383-123(d), Hawaii Revised Statutes (HRS), to appropriate \$2,180,480 for the administration of the UI program. The \$2.1 million was a special administrative transfer in March 2009 under Public Law 111-5, Assistance for Unemployed Workers and Struggling Families Act, Title II of Division B of the American Recovery and Reinvestment Act (ARRA).

II. CURRENT LAW

Currently, under section 383-123(b), moneys received under section 903 of the Social Security Act (SSA) can be used for the payment of benefits. However, the ARRA money was transferred under section 903(g) of the SSA which restricted use of the \$2.1 million to administrative uses only.

III. HOUSE BILL

The Department strongly supports this measure and recommends passage of this bill.

1. The UI Division plans to use the special administrative transfer to cover expenses for new internet applications, improve the interactive voice response system, improve the tax system, improve the capability of the benefit system, enhance the UI website to respond to claimants' and employers' need for information and do required system security assessments.
2. Since the 2009 special administrative transfer cannot be used to pay benefits, a new section had to be added to exclude the 2009 transfer from what is allowable under subsection 383-123(b) to preclude any violation of federal law.