



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

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March 29, 2011

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

The Honorable Angus McKelvey, Chair
And Members of the House Committee on Economic Revitalization & Business
(ERB)

Date: Tuesday, March 29, 2011

Time: 10:05 a.m.

Place: Conference Room 309, State Capitol

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

Testimony in Support of:

HCR 256 / HR 219

**Requesting the Department of Labor and Industrial Relations and the Department of
Business, Economic Development, and Tourism to Conduct a Study on Workers'
Compensation**

I. OVERVIEW OF PROPOSED LEGISLATION

This resolution requests the Department of Labor and Industrial Relations (DLIR) and the Department of Business, Economic Development, and Tourism (DBEDT) to conduct a study concerning the inequities in workers' compensation (WC) costs between small and large businesses. The resolution also directs the two departments to submit a report of their findings and recommendations, including any proposed legislation, to the Legislature no later than 20 days prior to the convening of the 2012 legislative session.

II. CURRENT LAW

Not specifically applicable.

III. HOUSE CONCURRENT RESOLUTION

The Department of Labor and Industrial Relations (DLIR) supports the intent of this resolution, but offers the following comment:

The DLIR lacks the resources to conduct this study without negatively impacting the current level of services it provides to the public. The Disability Compensation Division (DCD), which administers the WC law, is faced with a \$137,000 reduction to its budget ceiling in H.B. 200 H.D.1. The Senate draft will likely increase the budgetary reduction in the wake of the economic downturn from the crisis in Japan. Existing backlogs in servicing WC claimants with the claims processing and hearings system will increase and will delay the medical and economic protections afforded by the WC law to Hawaii's workforce. The \$137,000 reduction follows on the heels of the Reduction in Force and Budgetary Reduction the division suffered in 2009 and 2010—in FY2010 alone, the staffing of DCD was reduced by 25%.

