

Honolulu, Hawaii

Feb 7 , 2012

RE: H.B. No. 2025

H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Sixth State Legislature
Regular Session of 2012
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2025 entitled:

"A BILL FOR AN ACT RELATING TO EMPLOYMENT SECURITY,"

begs leave to report as follows:

The purpose of this measure is to assist employers in maintaining their workforce and employees in retaining employment during difficult economic times by:

- (1) Authorizing certain private employers to administer a work-sharing plan to avoid temporary layoffs, if approved by the Department of Labor and Industrial Relations; and
- (2) Allowing employees under a work-sharing plan to receive unemployment benefits to compensate for lost wages.

The Department of Labor and Industrial Relations provided comments on this measure.

Over the past few years, Hawaii, as well as the rest of the nation, has experienced difficult economic times. A lagging economy led to downsizing or closure of many businesses which ultimately resulted in a reduction of the workforce and an increase in individuals collecting unemployment. This not only had devastating financial impacts for businesses and employees but



often resulted in the further slowing of the economy as both businesses and individuals sought ways to reduce their costs.

Your Committee finds that numerous other states facing increasing downsizing or closure of businesses and increased unemployment rates have developed work-sharing programs that allow a worker who is employed for a portion of a week to collect unemployment benefits to make up for a portion of the employee's lost wages. This situation is beneficial to both employers and employees since employers can maintain their workforce with seasoned employees while reducing some business costs through decreasing an employee's work hours and an employee can maintain employment and continue to earn wages with supplemental income through unemployment insurance.

However, while your Committee understands the economic importance of keeping people employed, concerns were raised that new employees would be eligible to be included in the work-sharing plan from the moment they are hired. Concerns were also raised that employees may not understand that the unemployment benefits received as a part of a work-sharing plan may affect unemployment benefit compensation should the employee become unemployed in the future.

Your Committee has amended this measure by:

- (1) Stipulating that any work-sharing program created by an employer is not applicable to employees who have been employed for a period of less than 90 days;
- (2) Specifying that an employer must notify employees that unemployment benefit compensation may be affected if an employee joins the work-sharing program and becomes unemployed in the future;
- (3) Prohibiting a contributory employer with a negative reserve ratio or delinquent reimbursable from participating in the work-sharing program; and
- (4) Changing its effective date to September 1, 2013.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2025, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2025, H.D.



1, and be referred to the Committee on Economic Revitalization & Business.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,

Karl Rhoads

KARL RHOADS, Chair



State of Hawaii
House of Representatives
The Twenty-sixth Legislature

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HR 2025	Committee Referral: LAB, ERB, FIN	Date: 1-24-2012		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. RHOADS, Karl (C)	/			
2. YAMASHITA, Kyle T. (VC)	/			
3. AQUINO, Henry J.C.	/			
4. CULLEN, Ty	/			
5. ICHIYAMA, Linda	/			
6. LEE, Marilyn B.	/			
7. LUKE, Sylvia	/			
8. OKAMURA, Tom	/			
9. SAIKI, Scott K.	/			
10. SOUKI, Joseph M.		/		
11. TAKUMI, Roy M.	/			
12. FONTAINE, George R.	/			
13. JOHANSON, Aaron Ling	/			
TOTAL (13)	12	1	—	—
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral, _____ committee acronym(s) did not support recommendation.				
Vice Chair's or designee's signature:				
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