



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

830 PUNCHBOWL STREET, ROOM 321
HONOLULU, HAWAII 96813
www.hawaii.gov/labor
Phone: (808) 586-8842 / Fax: (808) 586-9099
Email: dliir.director@hawaii.gov

February 2, 2011

To: The Honorable Karl Rhoads, Chair
The Honorable Angus L.K. McKelvey, Chair
and Members of the House Committee on Labor & Public Employment
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 Y. Takamine, Director
Department of Labor and Industrial Relations

Re: H.B. No. 1317 Relating to Labor and Industrial Relations

I. OVERVIEW OF PROPOSED LEGISLATION

H.B. 1317 amends the Expenditure of Public Money and Public Contracts Law, Chapters 103 and Wages and Hours of Employees on Public Works Law, Chapter 104, Hawaii Revised Statutes (HRS). H.B. 1317 will require that the wage employees of a contractor providing services to the State of Hawaii and any of the counties be no less than the prorated hourly equivalent of the annual income necessary to meet or surpass the poverty threshold.

II. CURRENT LAW

Chapter 103, HRS currently provides only for wages to be paid wages or salareies not less than the wages paid to public officers and employees for similar work. Chapter 104, HRS requires payment of wages that are prevailing for the classification of workers that are employed on a public construction project.

III. HOUSE BILL

The department defers commenting on the sections amending Chapter 103, HRS to DAGS and other contracting agencies who are directly affected by this amendment.

The department opposes Section 4 amending Chapter 104, HRS. The wages paid to construction workers is already generally higher than the computed annual poverty rates

for a family of four in Hawaii and is thus unnecessary and adds to the department's burden of enforcing an already complicated law.

The majority of the classification and wage rates enforced by Chapter 104, HRS, are of unionized construction workers. Of the few surveyed non-unionized construction workers, only one is currently \$0.40 cents below the 2011 annual Poverty Guidelines for Hawaii for a family of four. The department believes that the difference for only one classification of worker is not significant enough to warrant an amendment to Chapter 104, HRS.

The department issues the Wage Rate Schedule (WRS) of prevailing classifications and wage rates twice a year in February and September. Our understanding is that the annual Poverty Guidelines for Hawaii is generally prepared and issued at the end of January. That may not be enough time to calculate the hourly rate, match it with the surveyed rates and publish it our February WRS. The department would have an added cost of preparing and issuing an addendum to all contractors and contracting agencies every year.