



STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
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February 16, 2012

LATE

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

Date: Tuesday, February 21, 2012
Time: 10:45 a.m.
Place: Conference Room 309, State Capitol

From: Dwight Y. Takamine, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. 2024 Relating to Employment Security

I. OVERVIEW OF PROPOSED LEGISLATION

H.B. 2024 provides for the creation of a self-employment assistance (SEA) program to permit eligible individuals to collect UI benefits while participating in activities relating to the establishment of a business and becoming self-employed.

The department appreciates the overall concept of this bill but it raises concerns regarding unfunded costs and workload implications associated with implementation of the SEA program.

II. CURRENT LAW

There is no current SEA program under Chapter 383, Hawaii Revised Statutes (HRS).

III. COMMENTS ON THE SENATE/HOUSE BILL

The department recognizes the intent of this proposal to provide the jobless with an opportunity to become self-sufficient and less dependent upon UI benefits for economic support. However, we raise the following serious concerns:

1. The department currently does not offer and does not have funding for

entrepreneurial training, business counseling, or technical assistance in developing businesses. These activities must be available to the individual as a condition of the SEA program and this measure fails to address the additional costs to meet minimum requirements for state participation.

2. To properly implement the SEA program, the department must review and evaluate the SEA program guidelines as well as to engage in discussions regarding the training services necessary for participants. To effectuate the necessary operational changes and interagency coordination, the effective date of implementation should be delayed.
3. The UI Division is currently committed to major projects designed to improve services to our customers such as completing our internet claims filing system, direct deposit of benefit payments, developing an electronic low earnings report system to speed up earnings verification, and completing modifications to our tax system to accommodate the SUTA dumping law.

Due to recent federal developments with respect to SEA, the department respectfully requests that this committee defer any action until we can analyze the impact of the provisions of the new federal legislation (Middle Class Tax Relief and Job Creation Act of 2012) and to adequately assess the experience of 5-6 states that currently provide SEA benefits to their claimants. There is currently a conference call with the UDSOL as we speak regarding the new law.

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GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

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February 22, 2012

TO: HONORABLE REPRESENTATIVE KARL RHOADS, CHAIR, KYLE YAMASHITA, VICE CHAIR MEMBERS OF THE HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT

SUBJECT: **OPPOSITION TO H.B. 2024**, Provides for the payment of self-employment assistance benefits in lieu of regular unemployment benefits under conditions allowing recipients to focus on receiving training and assistance to become self-employed.

HEARING

DATE: Tuesday, February 21, 2012
TIME: 10:45 a.m.
PLACE: Conference Room 309

Dear Chair Rhoads, Vice Chair Yamashita and Members:

The General Contractors Association (GCA) is an organization comprised of over six hundred (600) general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is celebrating its 80th anniversary; GCA remains the largest construction association in the State of Hawaii and the voice in all matters related to the construction industry. GCA is submitting testimony **in opposition** to H.B. 2024.

H.B. 2024 is proposing to allow self-employed individuals to attain unemployment benefits in lieu of regular unemployment benefits. This bill defines self-employment assistance activities.

GCA is concerned that individuals may take advantage of this new concept of self-employment assistance as a way to avoid returning to full-time employment. GCA is also concerned that these self-employment benefits would be paid from the fund and may deplete the funds dedicated to other unemployment beneficiaries. Although this bill is promoting training and self-employment, it may burden the former employer who will be subject to continued payment into the fund at the expense of others.

For the abovementioned reasons, GCA is opposed to the passage of H.B. 2024 and recommends that this measure be held.

Thank you for the opportunity to present our views on this bill.