

The Twenty-Sixth Legislature
Regular Session of 2011

HOUSE OF REPRESENTATIVES
Committee on Finance
Rep. Marcus R. Oshiro, Chair
Rep. Marilyn B. Lee, Vice Chair

State Capitol, Conference Room 308
Monday, February 28, 2011; 3:30 p.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 837, HD1
RELATING TO UNEMPLOYMENT INSURANCE BENEFITS**

The ILWU Local 142 supports H.B. 837, HD1, which authorizes an individual that is attached to a regular employer who is not offering work to receive unemployment insurance benefits even if the individual voluntarily or involuntarily separates from part-time employment with or without good cause.

The situation this bill seeks to address is that of an employee who is "attached" to a regular employer and receiving "partial" unemployment benefits. During that partial unemployment period, if the employee seeks a part-time job and, for whatever reason, leaves that part-time job, under current law he may be disqualified for unemployment benefits derived from attachment to his regular employer.

HD1 seems intended to limit separation from the part-time job only for "good cause," which is defined in HD1. However, this definition will be rendered moot if the current law, which calls for all provisions related to partial unemployment to be repealed on July 1, 2012, remains unchanged.

We, therefore, respectfully request that your Committee consider amending H.B. 837 with language from S.B. 1088, SD1 as adopted by the Senate Committee on Judiciary and Labor, which would remove the repeal and remove the restriction on the duration of partial unemployment claims.

Partial unemployment claims benefit both the employee receiving benefits as well as the regular employer who is charged with the claim. In many cases, partial unemployment claims of an extended duration involve layoffs due to planned renovation of a workplace with the employer providing benefits, like medical coverage, as an incentive for the employee to return to the job following the temporary layoff. This saves the employer time and money that would otherwise have been required to recruit and train new employees. Partial unemployment claims allow for a truly "win-win" situation for both employer and employee.

The ILWU urges the Committee's consideration of adopting language in S.B. 1088, SD1. With this amendment, the ILWU supports passage of H.B. 837. Thank you for the opportunity to share our testimony on this matter.



**Testimony to the House Committees on Labor & Public Employment and
Economic Revitalization and Business
Friday, February 4, 2011; 9:00 a.m.
Conference Room 309**

**RE: HOUSE BILL NO. 837 HD1 RELATING TO UNEMPLOYEMENT
INSURANCE**

Chairs Rhoads and McKelvey, Vice Chairs Yamashita and Choy, and Members of the Committees:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber does not support House Bill No. 837, relating to Unemployment Insurance.

The Chamber is the largest business organization in Hawaii, representing more than 1,100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of its members, which employ more than 200,000 individuals, to improve the state's economic climate and to foster positive action on issues of common concern.

This measure provides that an individual shall not be disqualified for benefits in which the individual separates involuntarily or voluntarily, with or without good cause, from an employer offering part-time employment, if the individual is receiving benefits while attached to a regular employer who is not offering work, receiving partial unemployment benefits, and exempt from work search and registration for work requirements.

The "with or without good cause" language is also a problem. Under the current language, a claimant could be involuntarily terminated from the second employer for good cause – let's say punching another employee – and that claimant would still be entitled to partial UI benefits from the first employer. Is that really the policy that the Legislature wants to promote? Do they really want to reward a claimant who engages in such extreme misconduct with continued UI benefits?

The legislation would also impact the UI Fund, which already is running at a deficit. With our current high UI taxes and even higher UI taxes next year (higher tax schedule and higher taxable base), employers are not in a position to afford any additional financial burdens, which the more generous grants of UI would surely cause. We are in a far different situation now than we were in 2009 when the legislation (Act 170) was passed. At the end of the 2008 year, the number that the Legislature likely relied on when looking at the 2009 legislation, the fund balance was \$431M. Now, we are running at a deficit. Back in '09, the taxable wage base was \$13,000 and we were on schedule A. See Annual Evaluation of the Hawaii Unemployment Compensation Fund, p. 1. In 2012, employers are already set to contribute a higher amount to the UI trust fund with a taxable wage base of \$40,100 while on schedule H.

For these reasons, the Chamber respectfully asks that the Committee holds this measure. Thank you for the opportunity to provide comments.

The unemployment insurance trust fund is still underfunded and this measure may cause an increase in the negative balance. Also, employers contribute 100% to the fund to pay benefits, so additional payouts as a result of this measure will eventually increase the employer contributions.

For these reasons, The Chamber of Commerce of Hawaii respectfully requests that this measure be held.

Thank you for the opportunity to provide testimony.