

Honolulu, Hawaii

March 24, 2016

RE: S.B. No. 2961  
S.D. 2  
H.D. 2

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Eighth State Legislature  
Regular Session of 2016  
State of Hawaii

Sir:

Your Committee on Consumer Protection & Commerce, to which was referred S.B. No. 2961, S.D. 2, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO FAMILY LEAVE,"

begs leave to report as follows:

The purpose of this measure is to:

- (1) Establish a family leave insurance program, which allows employees to make contributions into a trust fund to be used to provide employees with family leave insurance benefits to care for a designated person for up to twelve weeks per calendar year of family leave; and
- (2) Appropriate funds to the Department of Labor and Industrial Relations (DLIR) to implement the program and require a study to be performed by DLIR and an actuarial study to be performed by the Department of Budget and Finance.

The Hawaii State Democratic Women's Caucus, Hawaii State Commission on the Status of Women, Family Programs Hawaii, Planned Parenthood Votes Northwest and Hawaii, Hawaii Women's Coalition, Hawaii Public Health Institute, American Association of University Women, Hawaii Children's Action Network, Hawaii State Teachers Association, and numerous individuals testified in support of this measure. The Department of Labor and Industrial Relations, ILWU Local 142, and Society for Human Resource Management-Hawaii

SB2961 HD2 HSCR CPC HMS 2016-2973-1



Chapter testified in opposition to this measure. NFIB Hawaii provided comments on this measure.

Your Committee has amended this measure by:

- (1) Deleting the language that establishes the family leave insurance program and appropriates funds to the DLIR to implement the program and require a study to be performed by DLIR and an actuarial study to be performed by the Department of Budget and Finance;
- (2) Inserting language that requires the Office of the Lieutenant Governor and the DLIR to conduct an actuarial study and report back to the Legislature on the projected cost and benefits of implementing a family leave insurance program and whether health savings accounts can serve as a viable model to implement the program;
- (3) Appropriating an unspecified amount for the study and report;
- (4) Inserting an effective date of July 1, 2112, to encourage further discussion; and
- (5) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

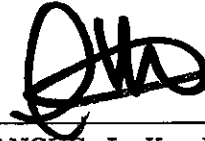
Your Committee finds that this measure, as received by your Committee, may be unworkable as an insurance model because participants' discretion to opt-in or out of the program in anticipation of filing a claim circumvents basic insurance models that rely on claims uncertainty, or barring duplicate recovery under temporary disability insurance policies or similar products suggests this model may be extremely problematic. Therefore, your Committee finds that additional data is necessary to determine the viability of this insurance model, which requires an actuarial study at this time. In addition, your Committee feels that rather than using the insurance model, the Health Savings Accounts model may be more workable, and therefore directed the study to explore its viability.

As affirmed by the record of votes of the members of your Committee on Consumer Protection & Commerce that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2961, S.D. 2, H.D. 1, as amended herein, and



recommends that it be referred to your Committee on Finance in the form attached hereto as S.B. No. 2961, S.D. 2, H.D. 2.

Respectfully submitted on  
behalf of the members of the  
Committee on Consumer  
Protection & Commerce,



---

ANGUS L.K. MCKELVEY, Chair



