

DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

LEONARD HOSHIO
DEPUTY DIRECTOR

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

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February 23, 2016

To: The Honorable Sylvia Luke, Chair
The Honorable Scott Y. Nishimoto, Vice Chair, and
Members of the House Committee on Finance

Date: Thursday, February 25, 2016
Time: 11:00 a.m.
Place: Conference Room 308, State Capitol

From: Linda Chu Takayama, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. No. 2186 HD1 Relating to Dislocated Sugar Workers

I. OVERVIEW OF PROPOSED LEGISLATION

HB2186 HD1 is intended to assist DLIR to provide job training and retraining to dislocated sugar workers by directing the department to seek federal grant funds for workforce development, worker training and retraining, and other dislocated assistance programs to assist the dislocated sugar workers.

DLIR supports the intent of this proposal provided its passage does not replace or adversely affect priorities identified in the Governor's Supplemental Budget request and requests amendments as offered in III. below.

If the bill language is revised so that the funds appropriated are available for grant applications (without it being a grant requirement), a suggested minimum appropriation of \$300,000 would greatly enhance the state's opportunities for federal and other assistance grants.

The bill, in session law, appropriates an unspecified sum for DLIR to provide workforce development, worker training and retraining, and other dislocated worker assistance programs for workers affected by the cessation of sugar production on Maui. The proposal also notes that the appropriated funds may be used as matching funds or leveraged funds required as a condition of eligibility for federal or other grants and for coordination with and assistance to the Maui County Office

of Economic Development.

II. CURRENT LAWS

Federal funds currently available are projected to be insufficient to serve the large numbers scheduled for layoff from HC&S. The amount allocated for Maui's dislocated worker program under the federal Workforce Innovation and Opportunity Act (WIOA) this year is \$140,000, which includes funds for staff support and participant training. This may serve 30-40 individuals.

A federal Dislocated Worker Training grant and Job-Driven National Emergency Grant provides a total additional \$200,000 to serve about 25-35 dislocated workers on Maui County. The first grant expires June 30, 2016, and the second grant expires September 30, 2016.

III. COMMENTS ON THE HOUSE BILL

The closure of HC&S will result in the termination of about 670 workers over the period from March to December 2016. DLIR is working with the International Longshore and Warehouse Union (ILWU), HC&S, Maui County, Maui Workforce Development Board, U.S. Department of Labor/Employment and Training Administration, and other agencies to gather data on workers' needs and provide services as appropriate with funds available.

That data will provide the basis for developing grant proposals to seek additional federal funds to address workers' needs for retraining and facilitate their successful transition to other jobs. DLIR notes that funding decisions by the federal government are contingent on funds available as well as other national priorities, including natural disasters.

DLIR offers the following suggested amendments for the Committee's consideration:

- Page 2, line 16, after "matching funds" replace the phrase "required for grant eligibility" with "or leveraged funds for grants"
- Page 3, line 6, after "Maui" replace the phrase "provided that" with the word "and"; and
- Page 3, lines 7 and 8, remove the phrase "required as a condition of eligibility".

Matching or leveraged funds often are not a requirement of grant award but are optional and are worth more points in grant applications. The suggested amendments would enable the State funds appropriated to increase the

competitiveness of a proposal because they demonstrate the State's commitment toward assisting affected workers. In the event that additional federal or other funds are not awarded, the above amendment would also enable DLIR to access the State funds so that more workers can be served than those who would be assisted only by federal resources.

DAVID Y. IGE
Governor

SHAN S. TSUTSUI
Lt. Governor



State of Hawaii
DEPARTMENT OF AGRICULTURE
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SCOTT E. ENRIGHT
Chairperson, Board of Agriculture

PHYLLIS SHIMABUKURO-GEISER
Deputy to the Chairperson

**TESTIMONY OF SCOTT E. ENRIGHT
CHAIRPERSON, BOARD OF AGRICULTURE**

BEFORE THE HOUSE COMMITTEE ON FINANCE

February 25, 2016
11:00 A.M.
CONFERENCE ROOM 308

**HOUSE BILL NO. 2186 HD1
RELATING TO DISLOCATED SUGAR WORKERS**

Chairperson Luke and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 2186 HD1 that assists the Department of Labor and Industrial Relations in providing job training and retraining to the dislocated sugar workers on Maui. The Department of Agriculture supports the intent of this measure and defers to the Department of Labor and Industrial Relations.

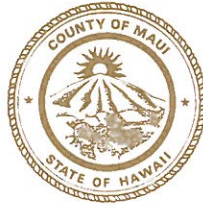
The closure of the Hawaiian Sugar and Commercial Company will mark the end of over 40 years of sugarcane and pineapple plantation shutdowns that spanned the length of Hawaii - from Ka'u on the Big Island to Kilauea on Kauai. Each closure was painful to the employees, and the many others affected throughout the community and island.

Now we look forward to new agricultural businesses of all sizes from family farms to plantation-scale operations to prepare and cultivate the land with crops and animals that they determine will be profitable and benefiting from the sugar plantation infrastructure. In doing so, they will improve the State's food security and self-sufficiency, bring in income by exporting food and non-food products to the mainland and abroad, and maintain the green and living carpet between the slopes of Haleakala and the West Maui mountains.

Thank you for the opportunity to present our testimony.



ALAN M. ARAKAWA
MAYOR



KEITH A. REGAN
MANAGING DIRECTOR

OFFICE OF THE MAYOR

Ke'ena O Ka Meia

COUNTY OF MAUI – Kalana O Maui

TESTIMONY OF ALAN ARAKAWA, MAYOR COUNTY OF MAUI

BEFORE THE HOUSE COMMITTEE ON FINANCE

Thursday, February 25, 2016
11:00 a.m. - Conference Room 308

HB 2186, HD1, RELATING TO DISLOCATED SUGAR WORKERS

Honorable Sylvia Luke, Chair
Honorable Scott Y. Nishimoto, Vice Chair
Honorable Members of the House Committee on Finance

Thank you for this opportunity to testify in **STRONG SUPPORT** of **HB 2186, HD1**.

The purpose of this Act is to assist the Department of Labor and Industrial Relations in providing job training and retraining to dislocated sugar workers by directing the department to seek all possible assistance from the federal Department of Labor and appropriating funds for the Department of Labor and Industrial Relations' Maui workforce development division office.

As mayor of Maui County I support this bill for the following reasons:

1. HC&S recently announced that it will be closing our state's last sugar plantation. Over 650 employees (about two percent of Maui's workforce) will lose their jobs. Layoffs are expected to begin as early as March 7, 2016, with approximately 170 employees being let go.
2. Unemployment can greatly impact a person's life as families may not be able to make mortgage, rent and car payments. Parents may not be able to afford sending their children to pre-school, and students may no longer be able to afford school or college tuitions. Our communities will also be impacted as unemployed individuals will not be able to afford going to restaurants and will minimize spending at our local stores.
3. An appropriation is necessary for the fiscal year 2016-2017 for workforce development, worker training and retraining, and other dislocated worker assistance programs for workers affected by the cessation of sugar production on Maui.

For these reasons I **strongly support HB 2186, HD1**.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Finance
Thursday, February 25, 2016 at 11:00 A.M.
Conference Room 308, State Capitol**

RE: HOUSE BILL 2186 HD 1 RELATING TO DISLOCATED SUGAR WORKERS

Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 2186 HD 1, which directs and appropriates funds for the Department of Labor and Industrial Relations to provide workforce development, worker training and retraining, and other dislocated worker assistance programs for workers affected by the cessation of sugar production on Maui.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,000 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 members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

The HC&S closure greatly impacted the state's economy and more significantly, Maui County's workforce. The Chamber supports HB 2186 HD 1 as it is greatly needed to help those 600+ employees resulting from the plantation's closure. The funds provided in this bill to support workforce development and training/retraining assistance in Maui will not only help address the dislocated workers directly affected by the closure, but also help the local economy bounce back from this setback.

Thank you for the opportunity to testify.

**HB 2186 HD1
RELATING TO DISLOCATED SUGAR WORKERS**

**PAUL T. OSHIRO
MANAGER – GOVERNMENT RELATIONS
ALEXANDER & BALDWIN, INC.**

FEBRUARY 25, 2016

Chair Luke and Members of the House Committee on Finance:

I am Paul Oshiro, testifying on behalf of Alexander & Baldwin, Inc. (A&B) on HB 2186 HD1, “A BILL FOR AN ACT RELATING TO DISLOCATED SUGAR WORKERS.”

We support this bill.

Hawaiian Commercial & Sugar Company (HC&S) has been in operation for over 140 years and is Hawaii’s last remaining sugar plantation. Regretfully, HC&S will be transitioning out of farming sugar by the end of this year, and will instead pursue a diversified agricultural model for the 36,000 acres presently in cultivation. For many years, A&B has made every possible effort to keep HC&S in operation and did so far longer than any other sugar company in the state. Unfortunately, we are unable to sustain the kind of financial losses that HC&S has realized over the past two years, with no significant improvement in performance anticipated in the future.

A&B is fully committed to support its impacted employees. The Company is providing a team of transition coordinators whose sole responsibility will be to assist HC&S employees on a one-to-one basis in finding alternate employment opportunities, training or re-education, as appropriate. The coordinators will identify and coordinate available Federal, State, County, and private job assistance programs, including

employment counseling, job training, financial counseling, job placement, and education services. A&B also intends to offer all employees enhanced severance and benefit packages. Retirement benefits accrued by eligible employees, retirees, and past employees will not be affected by the transition out of sugar.

A&B supports this bill as it will further assist the State Department of Labor & Industrial Relations in providing job training and retraining for HC&S employees. Additional funds are appropriated in this bill for workforce development, worker training and retraining, and for use as matching funds to acquire Federal grants or other assistance grants. Any additional initiatives and funding authorizations that will assist in better preparing HC&S employees to meet the qualifications and requirements of new employment opportunities is greatly welcomed. Over the years, HC&S employees have exhibited a strong commitment and dedication towards their jobs and responsibilities, which has been an essential component in enabling HC&S to continue its sugar operations long after the closure of many of the other sugar plantations in Hawaii. We are certain that with proper training and retraining, the many positive attributes of HC&S employees will be of great benefit to other entities and businesses.

Based on the aforementioned, we respectfully request your favorable consideration on this bill.

Council Chair
Mike White

Vice-Chair
Don S. Guzman

Presiding Officer Pro Tempore
Michael P. Victorino

Councilmembers
Gladys C. Baisa
Robert Carroll
Elle Cochran
Don Couch
Stacy Crivello
Riki Hokama




Director of Council Services
David M. Raatz, Jr., Esq.

COUNTY COUNCIL
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February 24, 2016

TO: Honorable Sylvia Luke, Chair
House Committee on Finance

FROM: Stacy Helm Crivello
Councilmember 

DATE: February 25, 2016

SUBJECT: **HEARING OF HB 2186 H.D.1, RELATING TO DISCLOCATED SUGAR WORKERS**

Thank you for the opportunity to testify in **support** of this important measure. The purpose of this measure is to direct and appropriate funds for the Department of Labor and Industrial Relations DLIR to provide workforce development, worker training and retraining and other dislocated worker assistance programs for workers affected by the cessation of sugar production on Maui.

I **support** this measure for the following reasons:

1. The closure of HC&S will directly impact 675 employees. Layoffs will begin in March and by year's end all those employed will be let go. While A&B will be transitioning to diversified agriculture, this will not happen overnight and it is critical that we assist these displaced workers in getting back to work as soon as possible.
2. As a member of Maui County's Sugar Operator's Work Assistance Task Force I fully support the additional funding this measure will provide DLIR. The ability to leverage such funds to go after federal funding is crucial in our ability to providing workforce development, training and retraining of our displaced workers.
3. It is also important to keep in mind that in addition to the 675 employees of HC&S directly affected by the closure, many more will be indirectly impacted as the businesses doing business with HC&S and the Maui economy in general will feel the effects of the shutdown as well.

For the foregoing reasons, I **support** this measure.



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February 25, 2016

HEARING BEFORE THE
HOUSE COMMITTEE ON FINANCE

TESTIMONY ON HB 2186, HD1
RELATING TO DISLOCATED SUGAR WORKERS

Room 308
11:00 AM

Aloha Chair Luke, Vice Chair Nishimoto, and Members of the Committee:

I am Randy Cabral, President of the Hawaii Farm Bureau (HFB). Organized since 1948, the HFB is comprised of 1,900 farm family members statewide, and serves as Hawaii's voice of agriculture to protect, advocate and advance the social, economic and educational interest of our diverse agricultural community.

HFB is in strong support of HB 2186, HD1 which seeks assistance for dislocated sugar workers.

The announcement by HC&S on the same day as a similar announcement by Hamakua Springs of their closure clearly demonstrates the challenges faced by commercial agriculture. Yet, Hawaii wants to see agriculture as part of their plan for increased self sufficiency and sustainability.

HFB strongly supports this measure to provide training assistance in adapting to job opportunities. Employees will need to find other jobs and require training to enhance their skills to become successful in new job opportunities. However, at the same time A&B's diversification plans will also require workers in the future. General horticultural knowledge which quite different from sugarcane will be needed.

We respectfully respect your support of this important measure while addressing the concern to ensure that confidential business information is protected. We respectfully urge the passage of HB 2186, HD1.

Thank you for this opportunity to comment on this measure.

LATE

The Twenty-Eighth Legislature
Regular Session of 2016

HOUSE OF REPRESENTATIVES
Rep. Sylvia Luke, Chair
Rep. Scott Y. Nishimoto, Vice Chair
State Capitol, Conference Room 308
Thursday, February 25, 2016; 11:00 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 2186, HD1
RELATING TO DISLOCATED SUGAR WORKERS**

The ILWU Local 142 **supports the intent** of H.B. 2186, HD1, which directs and appropriates funds for the Department of Labor and Industrial Relations to provide workforce development, worker training and retraining, and other dislocated worker assistance programs for workers affected by the cessation of sugar production on Maui.

The ILWU is in support of any legislation that will assist sugar workers at HC&S, the last sugar operation in Hawaii. The ILWU represents some 600 workers at the plantation, many of whom will need job training and on-the-job training to find new employment. We have been working closely with the Department of Labor and Industrial Relations (DLIR) to assist these workers.

However, we have concerns about H.B. 2186, HD1 as a vehicle to support DLIR, which will be assisting soon-to-be dislocated workers. The bill calls for an appropriation for “workforce development, worker training and retraining, and other dislocated worker assistance programs” for dislocated sugar workers, but the caveat is that the appropriation shall be used as “matching or leverage funds” to qualify for federal and other grants. The proposal in H.B. 2186, HD1 will appropriate conditional funding for DLIR to seek federal funds.

On the other hand, H.B. 2605, HD1, which was heard and passed by the House Committee on Labor, is a more straightforward bill seeking an appropriation to specifically address the issue of “On-the-Job Training (OJT)” for HC&S workers. OJT will provide a 50% wage subsidy for up to six months to incentivize employers to hire former sugar workers in jobs that are sufficiently dissimilar to their current jobs and train them while they are “on the job.” Most of these workers have only worked in the sugar industry and will need a “leg up” to find new employment that, hopefully, will sustain them through the rest of their tenure in the workforce.

We believe appropriations through H.B. 2605, HD1 will assist DLIR and dislocated workers sooner. Applications for federal National Emergency Grants and even Trade Adjustment Assistance are being made, but awards may not come soon enough. A state appropriation will be an investment in the future of these workers and the communities in which they live.

While we support the intent of H.B. 2186, HD1, **the ILWU respectfully requests that the House Committee on Finance consider the following amendments to the bill:**

1. Delete Section 3 and replace with the following language from H.B. 2605, HD1 (Section 2):

“There is appropriated out of the general revenues of the State of Hawaii the sum of \$ or so much thereof as may be necessary for fiscal year 2016-2017 to establish, administer, and support on-the-job training for individuals who are dislocated due to the closure of Hawaiian Commercial & Sugar Company on Maui.

“The sum appropriated shall be expended by the Department of Labor and Industrial Relations for the purposes of this Act.”

2. Amend the date in Section 3 to July 1, 2016.

3. Amend the last sentence of the first paragraph in Section 1 to read: *“While [many] some of the agriculture-related jobs lost due to cessation of sugar production [will be restored] may be available once proposed diversified agricultural production begins, they [will] may require different skill sets and [even those that are eventually restored will not be available until full agriculture production is underway, which] may take several years to be fully operational.”*

The number of jobs in new diversified agriculture operations are estimated to be far less than those in sugar production and processing. Dislocated sugar workers will seriously need to consider new careers, which OJT funds will allow them to do.

Thank you for considering our testimony.

IBEW1260

BRIDGING THE PACIFIC

LATE

Chair Luke, Vice Chair Nishimoto and Members of the Committee,

The International Brotherhood of Electrical Workers Local Union 1260 (IBEW) respectfully offers the following testimony in **strong support** of House Bill No. 2186.

The end of Hawaiian Commercial & Sugar Company's Maui operations brings not only an end to an important part of Hawaii's history, but also brings an uncertain future for many of Maui's workers and their families. Dislocated HC&S workers, their families, Maui's community and the State of Hawaii as a whole only benefits from legislation intended to ensure Hawaii's Middle Class remains strong.

For this reason, the International Brotherhood of Electrical Workers Local 1260 supports HB2186 and thanks the Representatives who have sponsored HB2186 and all legislatures who continue working in support of Hawaii's Workers.

Respectfully,



Michael M. Brittain
Director of Legislative Affairs
IBEW Local 1260