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

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March 1, 2016

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

Date: Wednesday, March 2, 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. 2605 HD1 Relating to Labor**

**I. OVERVIEW OF PROPOSED LEGISLATION**

HB2605 HD1 proposes to appropriate an unspecified sum or so much thereof as may be necessary for Fiscal Year 2016-17 to establish, administer, and support on-the-job training (OJT) for individuals who are dislocated due to the closure of Hawaiian Commercial & Sugar Company (HC&S). The Senate companion (SB3081) appropriates the sum of \$850,000 or so much thereof as may be necessary for Fiscal Year 2016-2017 for the same purpose effective July 1, 2016.

DLIR estimates that the sum of \$850,000 in general funds would provide OJT services to about 85-90 workers who lose their jobs as a result of the HC&S closure. OJT programs involve reimbursing employers who hire and train new workers up to 50% or more of the wages paid for a limited period. This costly, but effective training option historically has resulted in a 90% retention rate after the reimbursement period ends.

The department supports the bill provided it does not replace or adversely affect priorities identified in the Governor's Supplemental Budget request.

**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**

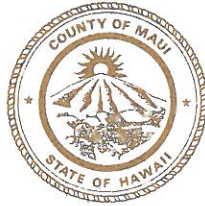
The closure of HC&S will result in the termination of about 670 workers over the period from March to December 2016. DLIR is working with the International Longshore and Warehouse Union (ILWU), HC&S, Maui County, Maui Workforce Development Board, U.S. Department of Labor/Employment and Training Administration,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

This bill would be very useful to supplement limited federal funds to ensure that workers can access the services they need when they lose their jobs. OJT, which this bill provides, would expand the number of workers that can benefit from this relatively costly but effective training option. OJT programs involve reimbursing employers who hire and train new workers up to 50% or more of the wages paid for a limited period. This reimbursement is an incentive to employers to hire an employee who lacks all of the skills or experience needed. OJT programs are a very powerful tool that has resulted in a 90% retention rate after the reimbursement period ends.

DLIR supports this bill to assist the workers so they may continue to contribute to the economy of Maui, provided it does not replace or adversely affect priorities identified in the Governor's Supplemental Budget request.

ALAN M. ARAKAWA  
MAYOR



KEITH A. REGAN  
MANAGING DIRECTOR

**DEPARTMENT OF MANAGEMENT**

COUNTY OF MAUI

**TESTIMONY OF KEITH REGAN, MANAGING DIRECTOR  
COUNTY OF MAUI**

BEFORE THE HOUSE COMMITTEE ON FINANCE

Wednesday, March 2, 2016

11:00 a.m.

Conference Room 308

**HB 2605, HD1 RELATING TO LABOR**

Honorable Sylvia Luke, Chair

Honorable Members of the House Committee on Finance

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Thank you for this opportunity to testify in **SUPPORT of HB 2605, HD1**, which would appropriate funds to support job training for those impacted by the closure of Hawaiian Commercial & Sugar Company (HC&S) on Maui.

As the Managing Director, and the Chair of the Sugar Operators Work Assistance Task Force, I support this bill for the following reasons:

1. HC&S recently announced that it will be closing our state's last sugar plantation. It is anticipated that over 650 employees will be impacted by this closure.
2. Job-driven training programs have a positive track record of providing jobs in many different industries and, according to U.S. Department of Labor Secretary Perez, these programs serve as a conduit by "connecting people who are ready to work with employers who are ready to hire."
3. The expansion of job-driven training programs will provide opportunities for dislocated HC&S employees to find new employment by encouraging local businesses and organizations to increase existing apprenticeship programs or develop new ones.
4. Time is of the essence as the first wave of layoffs are expected to begin as early as March 7, 2016, with approximately 170 employees being impacted.

For these reasons I **strongly support HB 2605, HD1.**



Randy Perreira  
President

# HAWAII STATE AFL-CIO

345 Queen Street, Suite 500 • Honolulu, Hawaii 96813

The Twenty-Eighth Legislature, State of Hawaii  
Hawaii State House of Representatives  
Committee on Finance

Telephone: (808) 597-1441  
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Testimony by  
Hawaii State AFL-CIO  
March 2, 2016

## H.B. 2605, H.D.1 – RELATING TO LABOR

The Hawaii State AFL-CIO supports H.B. 2605, H.D.1, which appropriates funds to establish, administer, and support on-the-job training for individuals who are unemployed and dislocated due to the closure of Hawaiian Commercial & Sugar Company (HC&S) on Maui.

When HC&S ends their sugar operations on Maui later this year, hundreds of employees will be permanently laid off and will face a very difficult and challenging time as they begin to seek new employment in completely different industries. Ultimately, many former HC&S employees will need to be trained and educated for new jobs and those who continue working in the agricultural industry may be required to learn completely new skill sets. Fortunately, H.B. 2605, H.D.1 will help many of these dislocated workers by providing on-the-job training to ensure they have the proper skills sets moving forward.

Thank you for the opportunity to testify.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Randy Perreira".

Randy Perreira  
President

The Twenty-Eighth Legislature  
Regular Session of 2016

HOUSE OF REPRESENTATIVES  
Committee on Finance  
Rep. Sylvia Luke, Chair  
Rep. Scott Y. Nishimoto, Vice Chair  
State Capitol, Conference Room 308  
Wednesday, March 2, 2016; 11:00 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 2605, HD1  
RELATING TO LABOR**

The ILWU Local 142 **strongly supports** H.B. 2605, HD1, which appropriates funds to establish, administer, and support on-the-job training for individuals who are unemployed and dislocated due to the closure of Hawaiian Commercial & Sugar Company (HC&S) on Maui.

The announcement by HC&S on January 6 that the sugar plantation on Maui would shut down by year's end came as a huge shock to everyone. The company's struggles over the years were many—low yield, financial losses, and challenges from water rights activists and caneburning opponents. Yet the company seemed to be plugging away, trying various crops and holding out hope for a turnaround. So the announcement of closure, while not entirely unexpected, was a shock nonetheless.

The closure of HC&S means the end of sugar in Hawaii. It also means the loss of employment for more than 600 workers, many of whom have only worked for HC&S their entire lives. Adjustment to a new job or a new career will be difficult, if not impossible, without a good deal of help.

Federal funds are currently available for dislocated workers (i.e., workers being laid off) to use for job training and other services. However, one federal grant is set to expire in June and cannot be extended. The other federal grant is set to expire in September, well before December 31 when the last half of the employees are expected to be laid off.

H.B. 2605 proposes to appropriate funds to assist HC&S workers with funding to allow the State Department of Labor and Industrial Relations to help these workers into a new job or career. The key program for this assistance is On-the-Job Training (OJT). Under this program, an employer with a job to offer enters into a contract with DLIR to hire an HC&S worker in a job sufficiently dissimilar to what he did for HC&S. The employer must be willing to train the new employee upon hire and agree to retain the employee in a permanent position. In exchange, the employer is entitled to be reimbursed 50% of the employee's wages for up to six months.

We see this as a win-win situation. The employer will benefit from a wage subsidy to hire an HC&S worker and provide on-the-job training. The HC&S worker will have a chance at a new job in a new career path. The funds provided by the State will be an investment in workers, who will be gainfully employed and not require government assistance for support, and in the community's interest with more individuals contributing to the economy.

The question will undoubtedly be raised: Why HC&S workers? There are several reasons.

First, HC&S is a large employer. At least 650 employees will be laid off this year, roughly two percent of the working population on Maui. The impact of even a fraction of this many people being unable to find suitable employment at one time is potentially enormous to the community.

Second, the demographics of this population of workers require additional assistance. From experience, we know that this has been the case in every other plantation closure.

Third, the OJT program will potentially allow HC&S workers to retain the income level they had been accustomed to. Instead of having to settle for multiple low-wage jobs in order to maintain the same level of income, through the OJT program, workers can secure stable, permanent positions that will sustain them and their families into the future.

The ILWU urges passage of H.B. 2605, HD1. Thank you for the opportunity to testify on this important measure.



**HAWAII GOVERNMENT EMPLOYEES ASSOCIATION**  
AFSCME Local 152, AFL-CIO

**RANDY PERREIRA**, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

**The Twenty-Eighth Legislature, State of Hawaii  
Hawaii State House of Representatives  
Committee on Finance**

**Testimony by  
Hawaii Government Employees Association  
March 2, 2016**

**H.B. 2605, H.D. 1 – RELATING TO LABOR**

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the purpose and intent of H.B. 2605, H.D. 1, which is to address the pending unemployment and dislocation of employees due to the closure of Hawaiian Commercial & Sugar Company and to offset the expiration of federal funding to establish, administer and support on-the-job training on Maui.

The transition of thousands of acres of farmland on Maui to diversified agriculture will affect the local economy in significant ways. As these employees lose their jobs, there will be economic hardship for them and the larger Maui community. Therefore, retraining Maui's workforce is critical to mitigating the effects of large scale job losses on the local economy.

Thank you for the opportunity to testify in support of H.B. 2605, H.D. 1.

Respectfully submitted,

**Randy Perreira  
Executive Director**

**HB 2605 HD1  
RELATING TO LABOR**

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

**MARCH 2, 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 2605 HD1, “A BILL FOR AN ACT RELATING TO LABOR.” 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 provide funding to establish, administer, and support on-the-job training for HC&S employees. 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.



# Maui Hotel & Lodging

ASSOCIATION

Testimony of

**Lisa H. Paulson**

Executive Director

Maui Hotel & Lodging Association

on

HB 2605 HD 1

**Relating To Labor**

COMMITTEE ON FINANCE

**Wednesday, March 2, 2016, 11am**

**Conference Room 308**

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

The Maui Hotel & Lodging Association (MHLA) is the legislative arm of the visitor industry. Our membership includes over 150 property and allied business members in Maui County – all of whom have an interest in the visitor industry. Collectively, MHLA's membership employs over 20,000 local residents and represents over 19,000 rooms. The visitor industry is the economic driver for Maui County. We are the largest employer of residents on the Island - directly employing approximately 40% of all residents (indirectly, the percentage increases to 75%).

MHLA is in support of HB 2605, HD 1, which Appropriates funds to establish, administer, and support on-the-job training for individuals who are unemployed and dislocated due to the closure of Hawaiian Commercial & Sugar Company on Maui.

Hawaiian Commercial & Sugar Company (HC&S) recently announced closure of our State's last sugar operation is expected to result in the layoff of more than 650 employees, approximately 2% of Maui's workforce. 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 in Maui County.

Therefore, this bill would be very useful to supplement limited federal funds to ensure that workers can access the services they need when they lose their jobs. On-the-job training (OJT), which this bill provides, would expand the number of workers that can benefit from this relatively costly but effective training option. OJTs involve reimbursing employers who hire and train new workers up to 50% or more of the wages paid for a limited period. This reimbursement is an incentive to employers to hire an employee who lacks all of the skills or experience needed.

We respectfully request you consider passing HB 2605, HD 1. Thank you for the opportunity to testify.

**From:** mailinglist@capitol.hawaii.gov  
**Sent:** Monday, February 29, 2016 10:04 PM  
**To:** FINTestimony  
**Cc:** ashman.janet@gmail.com  
**Subject:** \*Submitted testimony for HB2605 on Mar 2, 2016 11:00AM\*

**HB2605**

Submitted on: 2/29/2016

Testimony for FIN on Mar 2, 2016 11:00AM in Conference Room 308

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
J Ashman	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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**LATE**



Chamber of Commerce HAWAII  
*The Voice of Business*

**Testimony to the House Committee on Finance  
Wednesday, March 2, 2016 at 11:00 A.M.  
Conference Room 308, State Capitol**

**RE: HOUSE BILL 2605 HD 1 RELATING TO LABOR**

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

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 2605 HD 1, which appropriates funds to establish, administer, and support on-the-job training for individuals who are unemployed and dislocated due to the closure of Hawaiian Commercial & Sugar Company 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 2605 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 establish an on-the-job training program 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.