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GOVERNOR

SHAN S. TSUTSUI  
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA  
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DEPUTY DIRECTOR

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

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March 15, 2016

To: The Honorable Gilbert Keith-Agaran, Chair,  
The Honorable Maile Shimabukuro, Vice Chair, and  
Members of the Senate Committee on Judiciary and Labor

Date: Wednesday, March 16, 2016  
Time: 9:00 a.m.  
Place: Conference Room 016, 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), effective July 1, 2091

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.

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 SENATE COMMITTEE ON JUDICIARY AND LABOR**

March 16, 2016  
9:00 A.M.  
CONFERENCE ROOM 016

HOUSE BILL NO. 2605 HD1  
RELATING TO LABOR

Chairperson Keith-Agaran and Members of the Committee:

Thank you for the opportunity to testify on House Bill No. 2605 HD1 that assists the Department of Labor and Industrial Relations in providing on-the-job training 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.



# Hawai'i Construction Alliance

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March 11, 2016

The Honorable Gilbert S.C. Keith-Agaran, Chair  
The Honorable Maile S.L. Shimabukuro, Vice Chair  
and members  
Committee on Judiciary and Labor  
Hawai'i State Senate  
Honolulu, Hawai'i 96813

**RE: Strong Support for HB2605 HD1, Relating to Labor**

Dear Chair Keith-Agaran, Vice Chair Shimabukuro, and members:

The Hawai'i Construction Alliance is comprised of the Hawai'i Regional Council of Carpenters; the Operative Plasterers' and Cement Masons' Union, Local 630; International Union of Bricklayers & Allied Craftworkers, Local 1; the Laborers' International Union of North America, Local 368; and the Operating Engineers, Local Union No. 3. Together, our member unions represent 15,000 working men and women in the basic crafts of Hawai'i's construction industry.

We are strongly supportive of HB2605, Relating to Labor, which would appropriate funds 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..

We are proud to be a member of Mayor Arakawa's Sugar Operators Work Assistance Task Force, which was convened following the announcement that Hawaiian Commercial & Sugar Company would be shutting down sugar production in 2016. The purpose of the task force is "to assist the displaced sugar workers with their transition by identifying and coordinating available employment opportunities, programs and services (including but not limited to training, counseling, job placement, entrepreneurial programs, etc.) and safety net programs (including but not limited to financial counseling, mental health, food and mortgage assistance, etc.), and maximizing their availability to the displaced employees."

Through the task force, we have been collaborating with other stakeholders including DLIR and the Maui County Office of Economic Development to find ways to provide job training and retraining to the workers who will be laid off as a result of the HC&S closure. Additional funding will help to support these efforts and encourage businesses to hire and retrain these workers.

For the above reasons, we respectfully request your committee's favorable action on **HB2605 HD1, Relating to Labor**.

Mahalo,



Tyler Dos Santos-Tam  
Executive Director  
Hawai'i Construction Alliance  
execdir@hawaiiiconstructionalliance.org

**HB 2605 HD1  
RELATING TO LABOR**

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

**MARCH 16, 2016**

Chair Keith-Agaran and Members of the Senate Committee on Judiciary & Labor:

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.



**Testimony to the House Committee on Judiciary & Labor  
Wednesday, March 16, 2016 at 9:00 A.M.  
Conference Room 016, State Capitol**

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

Chair Keith-Agaran, Vice Chair Shimabukuro, 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.

The Twenty-Eighth Legislature  
Regular Session of 2016

THE SENATE

Committee on Judiciary and Labor  
Senator Gilbert S.C. Keith-Agaran, Chair  
Senator Maile S.L. Shimabukuro, Vice Chair  
State Capitol, Conference Room 016  
Wednesday, March 16, 2016; 9:00 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, HD1 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.



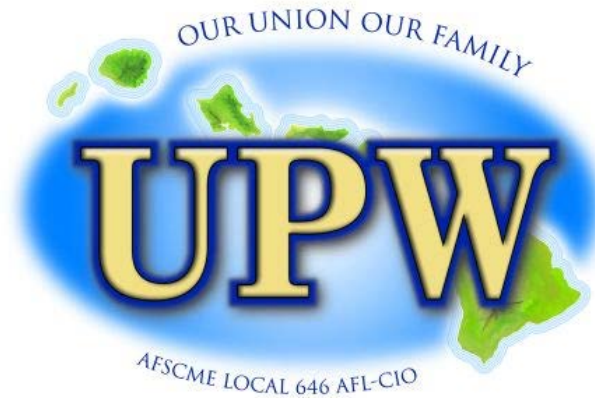
The question will undoubtedly be raised: Why HC&S workers? There are several reasons.

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.



THE HAWAII STATE SENATE  
The Twenty-Eighth Legislature  
Regular Session of 2016

COMMITTEE ON JUDICIARY AND LABOR

The Honorable Gilbert, S.C Keith-Agaran, Chair  
The Honorable Maile S.L. Shimabukuro, Vice Chair

DATE OF HEARING: Wednesday, March 16, 2016  
TIME OF HEARING: 9:00 a.m.  
PLACE OF HEARING: State Capitol  
415 South Beretania Street  
Conference Room 016

**TESTIMONY ON HB 2605, HD1 RELATING TO LABOR**

By DAYTON M. NAKANELUA,  
State Director of the United Public Workers (UPW),  
AFSCME Local 646, AFL-CIO

My name is Dayton M. Nakanelua, State Director of the United Public Workers, AFSCME, Local 646, AFL-CIO. The UPW is the exclusive bargaining representative for approximately 12,000 public employees, which include blue collar non-supervisory employees in Bargaining Unit 01 and institutional, health and correctional employees in Bargaining Unit 10, in the State of Hawaii and various counties. The UPW also represents about 1,500 members of the private sector.

HB2605, HD1 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 UPW **supports** this measure.

Thank you for the opportunity to submit this testimony.



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March 16, 2016

HEARING BEFORE THE  
SENATE COMMITTEE ON JUDICIARY AND LABOR

**TESTIMONY ON HB 2605, HD1**  
RELATING TO LABOR

Room 016  
9:00 AM

Aloha Chair Keith-Agaran, Vice Chair Shimabukuro, 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 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 on Maui.

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 supports this measure which will 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 is quite different from sugarcane will be needed.

We respectfully request 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 2605, HD1.**

Thank you for this opportunity to comment on this measure.



Randy Perreira  
President

# HAWAII STATE AFL-CIO

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The Twenty-Eighth Legislature, State of Hawaii  
Hawaii State Senate  
Committee on Judiciary and Labor

Testimony by  
Hawaii State AFL-CIO  
March 16, 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 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,

Randy Perreira  
President

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [JDLTestimony](#)  
**Cc:**  
**Subject:** \*Submitted testimony for HB2605 on Mar 16, 2016 09:00AM\*  
**Date:** Tuesday, March 15, 2016 12:15:52 PM

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**HB2605**

Submitted on: 3/15/2016

Testimony for JDL on Mar 16, 2016 09:00AM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Alan Gottlieb	Ponoholo Ranch	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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