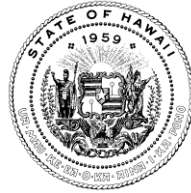


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**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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March 14, 2016

To: The Honorable Mark M. Nakashima, Chair,
The Honorable Jarrett Keohokalole, Vice Chair, and
Members of the House Committee on Labor & Public Employment

Date: Tuesday, March 15, 2016
Time: 10:30 a.m.
Place: Conference Room 309, State Capitol

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

Re: S.B. No. 3038 SD 2 Relating to Unemployment

I. OVERVIEW OF PROPOSED LEGISLATION

SB3038 SD2 proposes a 13-week extension of unemployment insurance (UI) benefits in counties with a population under 200,000 for a temporary period from September 4, 2016 through October 28, 2017 and provided that the UI trust fund balance does not fall below the adequate reserve level.

The department supports the intent of the measure and offers comments.

II. CURRENT LAW

Section 383-24, HRS, provides that jobless individuals may collect a maximum of 26 weeks of regular UI benefits.

III. COMMENTS ON THE HOUSE BILL

The department appreciates the legislative intent to provide supplemental benefits to assist dislocated workers in certain counties who may have limited prospects for securing suitable work even while Hawaii is experiencing favorable economic conditions. However, as the entire cost of the additional benefits will be

borne by employers, the department offers the following comments for the Committee's consideration:

- The Department's Research and Statistics Office estimates the potential impact

of additional benefits to the trust fund and tax schedules according to several possible scenarios as indicated below:

- 1) Counties <200,000 population (Hawaii, Maui, Kauai): \$20 million
Schedule C from 2017 thru 2019
 - 2) Maui County only: \$13 million
Schedule C from 2017 thru 2019
 - 3) All Counties (statewide): \$55 million
Schedule C in 2017; Schedule D from 2018; Schedule C in 2019
- While the above projections indicate that the cost of the temporary UI extension will increase by one higher tax schedule in the worst case scenario, the onset of recessions are often sudden and unpredictable, so that the drop-dead clause in this bill may be too late for the trust fund to recover. During our most recent downturn in 2010-12, the UI trust fund was depleted, forcing Hawaii to request about \$183 million in federal loans in order to continue payment of UI benefits. The borrowing incurred an interest payment of \$211,000 from employer assessments.
 - It is highly unusual to institute a jobless compensation extension when the State is at nearly full employment – Hawaii's 3.2% unemployment rate ranks 5th in the nation
 - The limited extension period and the county population requirement applicable for payment of additional UI benefits may raise equity and other legal issues by individuals who are excluded under this proposal.
 - DLIR estimates that \$650,000 in general funds will cover the administrative costs of the proposed program. Projections for the proposal are for an additional \$55 million in benefit payouts from the trust fund and for employer tax schedules to possibly rise one level, increasing employer taxes by about \$50-60 million in 2018.



Chamber of Commerce HAWAII
The Voice of Business

**Testimony to the House Committee on Labor & Public Employment
Tuesday, March 15, 2016 at 10:30 A.M.
Conference Room 309, State Capitol**

RE: SENATE BILL 3038 SD2 RELATING TO UNEMPLOYMENT

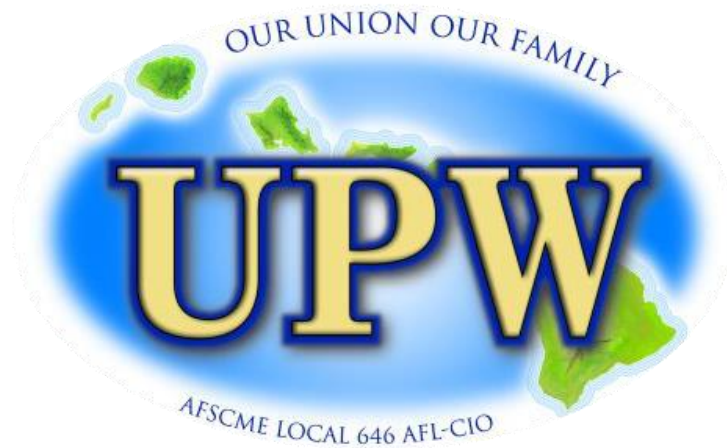
Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") would like to **provide comments** regarding SB 3038 SD2, which creates a temporary program, limited to counties with a population under 200,000, to provide additional benefits to unemployed workers by extending their unemployment insurance benefits.

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 Chamber understands the need to support unemployed workers and supports the intent of this bill to create a system to provide additional benefits to individuals who have exhausted regular benefits or have had their benefits expire. Our only concern is that it remains a general fund appropriation and is not funded by employers.

Thank you for the opportunity to testify.



The Hawaii State House of Representatives
The Twenty-Eighth Legislature
Regular Session of 2016

COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT

The Honorable Mark M. Nakashima, Chair
The Honorable Jarrett Keohokalole, Vice Chair

DATE OF HEARING: Tuesday, March 15, 2016

TIME OF HEARING: 10:00 a.m.

PLACE OF HEARING: Conference Room 309

TESTIMONY ON SB3038 SD2 RELATING TO UNEMPLOYMENT

By Dayton M. Nakanelua,
State Director of the United Public Workers,
AFSCME, Local 646, AFL-CIO

My name is Dayton M. Nakanelua, state director of the United Public Workers, AFSCME, Local 646, and AFL-CIO (UPW). The UPW is the exclusive representative for approximately 11,000 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.

SB3038 SD2 Relating to Unemployment creates a temporary program providing additional benefits to unemployed workers by extending their unemployment insurance benefits. The UPW strongly supports this measure.

Thank you for the opportunity to submit this testimony.

LABtestimony

From: mailinglist@capitol.hawaii.gov
Sent: Monday, March 14, 2016 12:37 PM
To: LABtestimony
Cc: dylanarm@hawaii.edu
Subject: *Submitted testimony for SB3038 on Mar 15, 2016 10:30AM*

SB3038

Submitted on: 3/14/2016

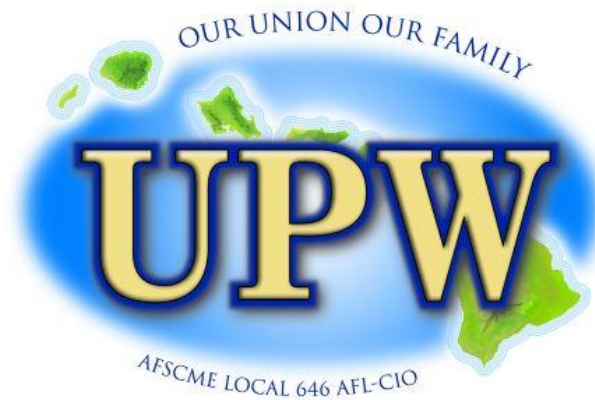
Testimony for LAB on Mar 15, 2016 10:30AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Dylan Armstrong	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

THE HAWAII STATE HOUSE OF REPRESENTATIVES
The Twenty-Eighth Legislature
Regular Session of 2016

COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT
The Honorable Mark M. Nakashima, Chair
The Honorable Jarrett K. Keohokalole, Vice Chair

DATE OF HEARING: Tuesday, March 15, 2016
TIME OF HEARING: 10:30 a.m.
PLACE OF HEARING: State Capitol
415 South Beretania Street
Conference Room 309

TESTIMONY IN SUPPORT OF SB3038, SD2 RELATING TO UNEMPLOYMENT

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, and 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.

SB3038, SD2 creates a temporary program, limited to counties with a population under 200,000, to provide additional benefits to unemployed workers by extending their unemployment insurance benefits. The bill also makes an appropriation. The UPW **strongly supports** this measure.

Thank you for the opportunity to submit this testimony.

The Twenty-Eighth Legislature
Regular Session of 2016

LATE

HOUSE OF REPRESENTATIVES
Committee on Labor & Public Employment
Rep. Mark M. Nakashima, Chair
Rep. Jarrett Keohokalole, Vice Chair
State Capitol, Conference Room 309
Tuesday, March 15, 2016; 10:30 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON S.B. 3038, SD2
RELATING TO UNEMPLOYMENT**

The ILWU Local 142 **supports the intent** of S.B. 3038, SD2, which creates a temporary program, limited to counties with a population under 200,000, to provide additional benefits to unemployed workers by extending their unemployment insurance benefits and makes an appropriation.

Unemployment Insurance (UI) is provided to eligible workers for a maximum of 26 weeks of full benefits during a benefit year. The unemployment rate in Hawaii may be the lowest in the nation with the assumption that laid-off workers in Hawaii will have an easy time finding new jobs. However, jobs are not all the same.

Although the Unemployment Insurance Division expects UI claimants gradually (after about a month) to consider and even accept jobs that are not comparable to those they left, most workers will want to return to similar wage levels and working conditions as they had before they were laid off. S.B. 3038, SD1 will allow UI claimants a little more time (a maximum of 13 additional weeks) to find suitable gainful employment. They will be required to meet all UI requirements—i.e., be able and available for work, make three job contacts a week, not refuse any work, report in online on a biweekly basis. An additional requirement to qualify for the additional benefits is that the claimant must be enrolled in job training.

Funds for the additional benefits will come from the UI Trust Fund, which was healthy enough to reward employers recently with a “holiday” from contributions. Since this proposal is a temporary program only for counties with populations less than 200,000, it is unlikely that the adequacy of the UI Trust Fund will be impacted.

The ILWU supports the intent of providing additional unemployment benefits but has concerns about the conditions imposed, namely limiting benefits to those living in counties with populations less than 200,000 and requiring claimants to attend job training in order to receive the additional benefits.

Thank you for the opportunity to testify on this measure.



Randy Perreira
President

HAWAII STATE AFL-CIO

345 Queen Street, Suite 500 • Honolulu, Hawaii 96813

LATE

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The Twenty-Eighth Legislature, State of Hawaii
Hawaii State House of Representatives
Committee on Labor and Public Employment

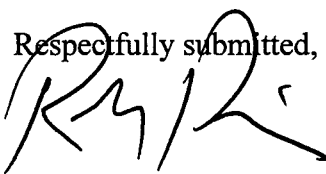
Testimony by
Hawaii State AFL-CIO
March 15, 2016

S.B. 3038, S.D.2 – RELATING TO
UNEMPLOYMENT

The Hawaii State AFL-CIO supports S.B. 3038, S.D.2, which creates a temporary program, limited to counties with a population under 200,000, to provide additional benefits to unemployed workers by extending their unemployment insurance benefits.

When Hawaiian Commercial and Sugar (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. Creating a temporary program that provides additional unemployment benefits will financially help these workers continue to pay their mortgages, rent, and many other bills while they search for new jobs.

Thank you for the opportunity to testify.

Respectfully submitted,

Randy Perreira
President