

STATE OF HAWAII DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS

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February 3, 2017

The Honorable Ronald D Kouchi, President and Members of the Senate Twenty-Eighth State Legislature State Capitol, Room 409 Honolulu, HI 96813

The Honorable Joseph M. Souki, Speaker and Members of the House of Representatives Twenty-Eighth State Legislature State Capitol, Room 431 Honolulu, HI 96813

Dear President Kouchi, Speaker Souki, and Members of the Legislature:

For your information and consideration, I am transmitting two (2) copies of the Department of Labor and Industrial Relations Annual Report for the fiscal year ending June 30, 2016, as required by Section Act 100 Hawai'i Revised Statutes (HRS).

.In accordance with Section 93-16, HRS, I am also informing you that the report may be viewed electronically at http://labor.hawaii.gov/find-a-report/.

Sincerely,

Linda Chu Takayama

Director

ANNUAL REPORT FISCAL YEAR 2015-2016















DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS STATE OF HAWAI'I





The Employment Benefit & Rights line of business protects the economic security, physical, economic and social well-being of workers and supports good labor-management relations. This includes developing and disseminating labor market information and assisting job seekers, workers and employers to facilitate workforce development.

Equal Opportunity Employer/Program

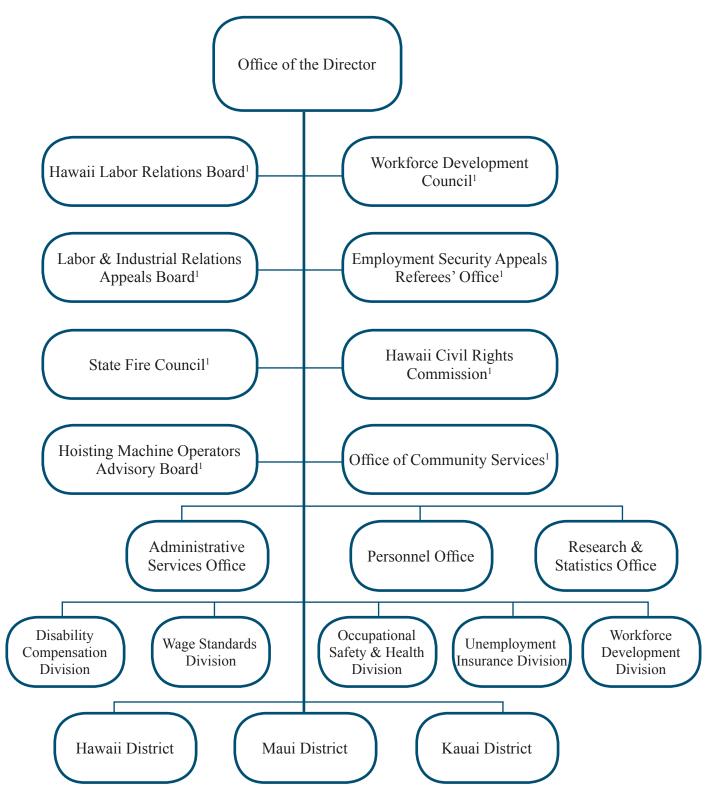
Auxiliary aids and services are available upon request to individuals with disabilities. TTY/TDD Dial 711 then ask for (808) 586-8866

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STATE OF HAWAII

DEPARTMENT OF LABOR & INDUSTRIAL RELATIONSORGANIZATION CHART



¹For administrative purposes only

LINDA CHUTAKAYAMA DIRECTOR

LEONARD HOSHIJO DEPUTY DIRECTOR

SHAN S. TSUTSUI LIEUTENANT GOVERNOR



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Aloha kakou,

I hope you find this annual report of the Department of Labor and Industrial Relations helpful in understanding the Department's work to improve the quality of life for the people of Hawaii.

Over the past year, with the help of our community partners and penalty increases mandated by the legislature, the Department has stepped up enforcement efforts to improve compliance with workers' compensation, temporary disability insurance, and workplace safety laws. Enforcement of these laws is critical to protect workers and ensure that businesses who follow the rules and treat their employees with pono are on a fair playing field.

In October, Hawaii celebrated its inaugural Apprenticeship Week in honor of the 75th anniversary of the 1941 apprenticeship law of the Territorial Legislature. With the help of a \$1.5 million award from the Department of Labor, the Department will continue to expand opportunities for student workers in the healthcare, culinary, construction, hospitality, and other industries to earn and learn through apprenticeships.

This annual report provides further details on the results of the Department's work over the past year, and we hope you find it to be helpful and informative.

As always, we are grateful to all of our partners in the community, including those at the federal, state, and county levels, as well as non-profit and private organizations. We give thanks and aloha for the assistance we receive in effecting the laws the Department is responsible for administering.

The Department is committed to providing the highest quality public services to our community. We look forward to continuing to serve the people of Hawaii in the coming year.

Mahalo,

LINDA CHU TAKAYAMA

Director

Workforce Development Division

OVERVIEW

The Workforce Development Division (WDD)

- Plans, coordinates and implements a statewide, customer-driven workforce development system.
- Delivers employment and training services to job applicants, workers and industries.
- Services include a referral and placement service that links qualified job seekers with employers at no cost to the public.
- Partners include the Department of Education (DOE) Adult Education; Department of Human Services (DHS) Division of Vocational Rehabilitation; Community Colleges, State Workforce Development Council, Counties, business associations, labor organizations, community-based organizations, and other agencies to jointly—
 - > Identify emerging employment trends,
 - > Coordinate services, and
 - Apply for federal, state and other funds to meet workforce needs.
- Plan services for dislocations of workers in declining industries, working closely with employers, using rapid response teams, and securing additional funds to assist workers laid off from business closings or large-scale layoffs.

One-Stop Career Centers

Through the One-Stop Centers system, (also called American Job Centers) employment and training providers are linked electronically and/or co-located at one site to provide an integrated array of employment and training services to job seekers and businesses. WDD provides employment and training services within these One-Stop Centers.

Resource Rooms in all One-Stop Centers are equipped with computers that allow access to the Internet, provide job information, assist in resume writing, and conduct self-assessments of skills and interests. Resource Rooms also provide information on job training, labor market, and job search workshops.

HIRENNET

HireNet Hawaii is an electronic job board and database at www.hirenethawaii.com. It

is sponsored by WDD and Workforce Development Council to connect employers and jobseekers and all One-Stop Centers throughout the islands. Nearly 32,583 individuals who received services from Hawaii's One-Stop Centers during the period July 1, 2015 to June 30, 2016 were registered in HireNet Hawaii. It is accessible to jobseekers and employers at no cost. Those with internet access and a computer can self-register and benefit from online services, while those who need staff assistance can contact their nearest One-Stop Center.



Rapid Response Services

Rapid Response services were provided on-site to workers who were scheduled to be terminated due to business closings or largescale layoffs. Core members of a Rapid Response Team

consisted of Unemployment Insurance Division, WDD, and on Oahu, the City and County of Honolulu, to provide affected workers with information about Unemployment Insurance benefits, employment and training services, and other resources. For very large layoffs such as Hawaiian Commercial & Sugar (HC&S) Sugar Company and Makena Golf and Beach Resorts, additional team members included Maui College, International Longshore and Warehouse Union (ILWU), and employer representatives. Several sessions were held to enable more employees to benefit from information provided. Maui activities such as Job Fairs and Resource Fairs were also coordinated and delivered with the ILWU, HC&S. Alexander and Baldwin, and in consultation with Maui County, Maui Chamber of Commerce, Maui College, and DOE Adult Education.

Closings on Oahu included Sports Authority, Kailua Macy's, Jimmy Buffet's restaurant, K-Mart Iwilei, Hilo Hattie's Iwilei, and Kenny's Restaurant.

Summer Youth Employment Program

The Summer Youth Employment Program (SYEP) was a joint effort between DHS-Division of Vocational Rehabilitation (VR) and DLIR-WDD to increase the participation of youth with disabilities in the



workforce. By participating in a work experience, youth with disabilities are more likely to be competitively employed after they graduate and acquire jobs at higher wages. During this summer program, 150 high school and college students worked 6-8 weeks, up to 30 hours per week at \$10 an hour on Oahu, Hawaii, Maui, Molokai, and Lanai. (A comparable program was operated by Kauai County.) To prepare students for this work experience, students attended a pre-employment workshop about good work habits and employer expectations; and worksite supervisors were oriented to their responsibilities prior to a student being placed at their site. Students were matched to worksites based on student interest and proximity to worksites. This was a highly successful project in providing youth with positive work experiences that encouraged their participation in the workforce. Worksite supervisors also benefitted from the added help and gained rewarding experiences in working with this target group.

Trade Adjustment Act (TAA)

The Trade Adjustment Assistance (TAA) Program is a federal entitlement program that assists U.S. workers who lost their job as a result of foreign trade. The program provides adversely affected workers with opportunities to obtain the skills, credentials, resources, and support necessary to become reemployed. DLIR applied for federal funds and received \$2,032,503 in March 2016 to assist workers who lost or will lose their jobs from HC&S Company from November 16, 2014 to November 16, 2016. A second request for the HC&S workers who will be laid off after November 16, 2016 was subsequently approved for the workers being laid off after that date.

Disability Employment Initiative Round VI

DLIR WDD, in collaboration with the University of Hawaii, Center on Disability Studies, and DHS Vocational Rehabilitation (VR), successfully competed for \$2.5 million in federal funds from U.S. Department of Labor to build capacity of One-Stop Center staff to serve persons with disabilities more effectively and to improve collaborations across agencies and with business networks. This 42-month grant ending March 2019 builds upon lessons learned from the Disability Employment Initiative Grant,

Round II, which was limited to services on Hawaii and Maui Counties, and created the foundation for a statewide project in Round VI.

Workforce Investment Opportunity Act (WIOA) Job Training Services

Through the WIOA, WDD was a service provider for the Counties' Adult and Dislocated Worker population on Hawaii, Maui, and Kauai. Low-income adults and former workers who were laid off or terminated and unlikely to return to their previous occupations were targeted for services.



Services to Military Veterans In FY 2015-16, about 2,700 veterans, eligible persons, and

training service members, including 642 disabled veterans, received job counseling and job search assistance. This grant supports 5.5 staff who are veterans themselves to provide counseling and outreach to veteran organizations and businesses to promote hiring of veterans.

Volunteer Internship Program

The Volunteer Internship Program (VIP) is a voluntary program that allows jobseekers, especially those receiving unemployment insurance (UI) benefits, to gain workforce training through an unpaid internship with interested employers. Upon successful completion of training, interns receive a certificate of job skills acquired and consideration for employment. VIP is limited to 16-32 hours per week for a period of 4-8 weeks. For FY 2015-16, 138 individuals were placed in internships.

Apprenticeship Program

Apprenticeship is long-term job training lasting from one to five years. Private industry assumes the cost through full time on-the-job training combined with classroom/shop instruction. This method of training has resulted in a constant flow of highly skilled workers for Hawaii's industries. During FY 2015-16, there were over 7,000 active apprentices and 436 completed the program. There were 46 registered apprenticeship programs both in the construction and non-construction trades, which included a new Information Technology Apprenticeship Program.

WDD

American Apprenticeship Initiative (AAI)

DLIR WDD successfully competed for \$2.9 million in federal funds to establish new apprenticeship programs in Information Technology (IT) to meet the growing demand for skilled IT workers in Hawaii. The 5-year grant plans to establish 28 new programs with 300 apprentices by September 30, 2020. Key training providers are DevLeague, a boot camp style private IT training organization; and University of Hawaii Community Colleges, Pacific Center for Advanced Technology and Training, which will deploy training to different community college campuses in the State. Participating businesses are the State Enterprise Technology Solutions, HMSA, Hawaii Pacific Health, Sudokrew, and City and County of Honolulu. Sudokrew established the first IT apprenticeship program in Hawaii. More businesses will be solicited for participation as new apprenticeship programs are created.

Work Opportunity Tax Credit

The Work Opportunity Tax Credit (WOTC) is a Federal tax credit available to employers for hiring individuals from certain target groups who have consistently faced significant barriers to employment. The target groups included Veterans, Temporary Assistance for Needy Families (TANF) Recipients, Food Stamp (SNAP) Recipients, Vocational Rehabilitation Referred Individuals, Ex-Felons and Supplemental Security Income Recipients. Employers could earn a tax credit equal to 25% or 40% of a new employee's first-year wages, up to the maximum for the target group to which the employee belongs.

Employment and Training Fund (ETF)

The ETF Program consisted of "macro" grants that were awarded to businesses to develop or expand customized training for their employees; and "micro" grants that partially subsidized training from preapproved training vendors for a business's current workforce. Both types of grants were intended to enhance business growth and improve the long-term employability of Hawaii's people. As a result of the improving economy, ETF issued a Request for Proposals (RFP) for ETF Macro focusing on small businesses, for which contracts were awarded to two projects: Hawaii Tropical Fruit Growers for a Maui

project, and Building Industry Association on Oahu. During FY 2015-16, businesses continued to refer their employees for skill upgrade training from 20 "micro" training vendors that offered a variety of courses including customer service, computer applications, food safety, and leadership training. Details are provided in a separate ETF Report.

Partnership with Department of Human Services

Through a partnership agreement with the State Department of Human Services, 11 full-time WDD staff provided job development and job readiness assistance for individuals enrolled in the First-to-Work (FTW) program on all counties who received benefits through the Temporary Assistance to Needy Families (TANF).

In FY 2015-16, WDD staff enrolled 590 FTW participants in the Community Work Experience Program, 365 FTW participants in the 30 hour Job Readiness Training workshop, and conducted job development contacts on behalf of FTW participants at 4,018 job sites statewide. There were 588 participants placed in unsubsidized employment.

Through a similar agreement with the Department of Human Services, three (3) full-time WDD staff provided employment and training assistance for individuals receiving Supplemental Nutrition Assistance Program (SNAP) benefits on Hawaii and Kauai Counties.

Senior Community Service Employment Program (SCSEP)

The SCSEP assisted unemployed, low-income persons, age 55 and older, with poor employment prospects, to engage in part-time community



service training activities to help them develop skills and experiences for transition into unsubsidized jobs. During the period July 1, 2015 to June 30, 2016, about 230 seniors were served in the program statewide. SCSEP project operators continued to provide services during FY 2015-16: On Oahu --Honolulu Community Action Program and State Department of Human Services; on Hawaii County-- Hawaii County Office



on Aging; on Maui, Maui Economic Opportunity Inc.; and on Kauai, DLIR WDD, Kauai Branch.

Dislocated Worker Training National Emergency Grant (DWT NEG)

Hawaii received \$1.7 million to assist approximately 230 dislocated workers with occupational training and On-the-Job Training during the period from June 2013 to June 2016. Priority for enrollment into the statewide program were for those individuals facing prolonged unemployment, defined as being unemployed for twenty-seven weeks or more. At the end of the grant period, Hawaii exceeded its goal by enrolling 262 individuals (114 percent); 191 individuals in classroom training and 71 individuals placed in On-the-job training which provided up to 50% to 90% reimbursement rate to employer. The reimbursement rate was intended to reimburse the employer for their extraordinary time spent on training the employee. The maximum duration of the OJT was six (6) months.

Job Driven National Emergency Grant (JD NEG)

In June 2014, Hawaii received \$897,420 to assist Dislocated Worker (DW) with emphasis on Long-Term unemployed and Foreign-trained immigrant workers who qualify as DW and have barriers to obtaining employment in their trained field or profession. This project will provide job coaching, employment assessment, classroom training, internships, and on-the-job training to 72 participants statewide. The project will build upon employer workgroups formed through the TAACCCT and Disability Employment Initiative, drive the development of different models of skills training and work-based learning for dislocated workers, and incorporate lessons learned from Hawaii's experience with serving individuals receiving Unemployment Insurance benefits. Resources from this grant and those leveraged from state and federal programs will give dislocated workers more options for a successful transition to employment. As of September 30, 2016, 34 individuals have been enrolled (47%); 32 individuals enrolled in classroom training and 14 individuals placed in On-the-job training.

Reemployment Services and Eligibility Assessment (RESEA)

Since 2008, WDD has been providing group and individual skills assessment, labor market information, and referrals to jobs and training for UI claimants, except those employed part-time or those referred by union halls. The total served in FY 2015 declined to 4,048 Unemployment Insurance (UI) claimants. The decline could be attributed to the low unemployment rate in Hawaii. The reduction in the average UI duration by one week, produced a net savings of nearly \$1.8 million to the UI Trust Fund. The success of this program led to the program becoming mandatory for all new UI claimants effective October 1, 2015.

Agriculture Workforce Advisory Board Projects Act 99, SLH 2013, established the Hawaii Agriculture Workforce Advisory Board and authorized it to recommend projects that would "promote the expansion and development of the agricultural

industry in the State." For FY 2015-16, the Hawaii Agriculture Workforce Advisory Board allocated state funds for the following projects:

- FFA: To expand the pipeline of agricultural workers in the state of Hawaii, this project expanded the number of Future Farmers of America ("FFA") chapters in Hawaii schools by providing funds to interested DOE schools for (1) supervised agricultural experience at schools statewide; (2) FFA advisor training; and (3) FFA student leadership conferences. FFA is an organization that develops students' potential for leadership, personal growth, and career success through agricultural education. Last year's project reversed years of declining membership in Hawaii and increased FFA membership by 20% statewide. Hawaii's FFA was given special recognition by the National FFA organization for this accomplishment.
- Teacher training in Agriculture for Primary and Secondary Education Teachers: Many schools do not have teachers with special training or education in agriculture. As a result, these schools often lack the resources to develop FFA Chapters or use agriculture as a context for academic subjects. Training was provided through My American Farm in collaboration

WDD

- with National Farm Bureau and arranging training by local teachers with expertise in agriculture.
- Summer Internships: Summer internships were supported on Maui and Kauai to expose more youth to agricultural jobs and stimulate their interest in agriculture as a career. The Maui project was operated by Maui Economic Development Board, combining related classroom instruction in science, reading, math, and technology with hands-on work experience. The Kauai project was coordinated by Kauai County, Office of Economic Development, which contributed the funds to transport students from Kauai High School to worksites developed by the Kauai Economic Development Board and Kauai County.
- Business Training Workshops for Farmers: Tuition subsidies for potential or current small farmers at Windward and Leeward Community Colleges enabled more agriculture start-up owners or employees to learn business aspects of farming. Participants included owner/ operators, entrepreneurs, farm managers, business staff, or inspired individuals who wanted to start or sustain an agricultural business.
- 4-H Student Outreach: The Big Island 4-H had a career exploration activity during the County's Livestock Fair. The event was aimed at students to expose them to jobs with livestock and agriculture. Response was positive from those who attended.

Healthcare Workforce Advisory Board Projects

Act 696, (SLH 2015), established the Hawaii Healthcare Workforce Advisory Board and authorized it to recommend projects that would "promote the expansion and development of the health care industry." Next year's report will provide information on these projects.

Science and Technology Robotics Working Group **Projects**

Act 696, (SLH 2015), authorized the Director of the DLIR to establish workforce advisory boards that would recommend projects that would "promote the expansion and development of the industry." For FY 2016-17, a Hawaii Science and Technology Workforce Working Group was formed and a report of its activities will be provided in next year's report.

Workforce Development Council

The Workforce Development Council (WDC) is administratively attached to the Department of Labor and Industrial Relations (DLIR), and consistent with federal and state law, assists the Governor with development and modification of the Hawaii unified workforce development system plan and administrative oversight responsibilities. WDC is the Governor designated administrative entity to implement the Workforce Innovation and Opportunity Act (WIOA) of 2014. Federal formula funding for WDC and the department's workforce development programs and services is directly tied to the unemployment rate. Our unemployment rate is fifth lowest in the country, however, the Hawaii workforce development system must provide extensive services and programs to employers competing in the market economy, career/job seekers new to the workforce, those wanting career advancement for a living wage, those facing multiple-challenges to entering the workforce and those who have depleted their allotted unemployment benefits and are still seeking employment.

Transition to the Workforce Innovation and **Opportunity Act (WIOA)**

WIOA replaced the Workforce Investment Act (WIA) of 1998 and retained and amended the Adult Education and Family Literacy Act, the Wagner-Peyser Act, and the Rehabilitation Act of 1973. As the first legislative reform of the public workforce system in more than 15 years, WIOA authorized the one-stop career center (also known as American Job Center) service delivery system and brought together the following six core programs of federal investment in skill development:

- WIOA Title I (Adult, Dislocated Worker and Youth formula programs) administered by Department of Labor (DOL);
- Adult Education and Literacy Act Title II programs administered by the Department of Education (DoED):
- Wagner-Peyser Act Title III employment services administered by DOL; and
- Rehabilitation Act Title I programs administered by DoED and DHS under Title IV.

WIOA also authorized programs for specific vulnerable populations, including the Job Corps, YouthBuild, Indian and Native Americans, and Migrant and Seasonal Farmworker programs, as well as evaluation and multistate projects administered by

Hawaii's American Job Center System

American Job Centers (AJCs) in all four counties provide services to local businesses, and employed and unemployed job seekers. County governments, took the lead with organizing service providers in delivering various employment and training services to customers. Each of the four local areas maintains commitments and partnerships with many businesses, academic partners, and state and local government officials. The Local Workforce Development Boards, with support from local elected officials and state and local partners oversees WIOA programs and services.

FY16 WIOA Participation Summary

Hawaii's WIOA program served eligible adults, dislocated workers, and youth (ages 14-24) through its AJC network. Center resources were used to help unemployed and underemployed workers learn new skills and acquire employment. Within the AJCs the WIOA programs provided comprehensive skills assessments, counseling and career planning, basic skills and occupational training, access to labor market information, job search and placement assistance to increase employment, employment retention and earnings of participants.

Largely due to a declining unemployment rate and revived economy, during FY 15 (July 1, 2014 through June 30, 2015), Hawaii received a total of \$6,040,165 for the federal adult, dislocated worker and youth programs which was a decrease of \$1,066,699 from the previous year's allotment.

- In FY 15, 1,088 Hawaii residents received WIOA-funded services, an enrollment decrease of 325 or -23% from the previous year.
- For all programs, the ongoing decline in the unemployment rate has resulted in enrollment of individuals requiring more assistance and services. In addition, adjustments to new contracting requirements for adult-dislocated

WDC

- worker service providers also contributed to the reduction in the numbers served.
- Hawaii enrolled 290 adults, 318 dislocated workers, and 480 youth in WIOA services.
- The adult program served 26.65% of participants.
- The 290 participants served in the adult program are 240 fewer or a 64% decrease from the previous year.
- The dislocated worker program experienced a decrease of 140 participants or -31% from FY
- ➤ In FY 2015-16, youth had the highest number of participants served, 480, an increase of 55 participants (13%) over the previous year.
- ➤ Hawaii served 380 (79. 17%) out-of-school and 100 (20. 83%) in-school youth.
- > The growth in the number served correlates to a combination of an increase in total allocations with higher costs per participant.

Legislation

During the 2016 Legislature, the House and Senate passed HB 2362 to conform WDC to the new federal WIOA law and increase the board from 31 to 41 members. The Governor signed the bill into law as Act 57 on June 6, 2016.

Hawaii Occupational Safety and Health

The Hawaii Occupational Safety and Health Division (HIOSH) ensures compliance with two laws:

- chapter 396, HRS, The Hawaii Occupational Safety and Health Law, which states that every employee in the State should have safe and healthful working conditions; and
- chapter 397, HRS, The Hawaii Boiler and Elevator Safety Law, which mandates the safe operation and use of boilers, and pressure systems; elevators, lifts, kindred equipment, and amusement rides

Occupational Safety and Health (OSH) Program (chapter 396, HRS) staff engages in the following activities, with the goal of encouraging voluntary compliance with the law and administrative rules:

- The HIOSH enforcement staff conducts programmed inspections of high hazard workplaces, and responds to accidents, complaints, and referrals. VPP evaluations are done to identify and recognize exemplary employers.
- HIOSH consultants conduct workplace audits to improve employers' safety and health management systems in response to requests from employers. This service is free and confidential. SHARP evaluations are done to identify and recognize small employers with effective safety and health programs.
- Certifications are issued to qualified individuals in the following areas: explosives and pyrotechnics; certified safety and health professionals; and hoisting machine operators.

Promulgation of OSHA standards. HIOSH is required to adopt "as effective as" administrative rules within 6 months of OSHA's adoption. These safety and health standards state what employers must do to ensure safe and healthful workplaces for their employees.

The OSH side of HIOSH receives 50% federal funding for the compliance program and 90% federal funding for the on-site consultation program. OSHA does not permit federal funds to be used for the certification programs that are 100% state funded. with the exception of the hoisting machine operators' certification that is 100% special funded. The U.S.

Occupational Safety and Health Administration (OSHA) provides oversight of the program, requiring benchmark staffing levels as well as performance and timeliness criteria for mandated activities.

The Boiler and Elevator (BE) Inspection Branch staff (chapter 397, HRS) staff conducts the following activities with the goal of public safety through voluntary compliance with the law and administrative rules:

- Inspections of equipment at specific intervals to assure its safe operation and use. Equipment determined to be satisfactory are issued permits to operate.
- Investigations of accidents and some complaints.
- Review of installation and alteration plans to ensure that the equipment is being constructed/ installed/altered in accordance with safety codes. A permit to install/alter is issued to initiate the construction work.
- Certifications are issued to special boiler inspectors to enable them to perform third party inspections of boilers and pressure systems.
- Reviews and audits of companies authorized by the National Board of Boiler and Pressure Vessel Inspectors to enable Hawaii companies to perform necessary repairs and alterations to critical equipment in the State.

The Boiler/Elevator side of HIOSH is currently funded by a special fund generated by fees from inspections of pressure vessels and elevator equipment.

The legislature authorized an additional safety and an additional health inspector for the OSHA grant funded branches beginning January 2015.

Wage Standards Division



OVERVIEW

The Wage Standards Division ("Division") protects Hawaii's workers by administering and enforcing six different labor laws related to wages in the Hawai'i Revised Statutes (HRS). The laws operate to keep young workers safe in the workplace (Child Labor Law, chapter 390, HRS); ensure employees are paid their wages due, (Wage and Hour Law, chapter 387, HRS: Payment of Wages and Other Compensation, chapter 388, HRS; Wages and Hours of Employees on Public Works, chapter 104, HRS) and provide job protection when family members need care or an employee is fired or discriminated against because of a lie detector test, a workers compensation injury. or taking an on-site drug test. (Hawaii Family Leave Law, chapter 398, HRS, Employment Practices Law, Part II – Lie Detector Test and Part III – Unlawful Suspension or Discharge.)

Significant Events

 The Division experienced a fluctuation of staffing that finally resulted in a fully staffed Compliance Branch before the first quarter of FY2017 was completed. Staffing issues are

- expected to be a concern in the coming year as the Division falls victim to the "greying" of the workforce, with many individuals currently eligible for retirement. The Division is focused on capitalizing on the millennial generation to accomplish tasks differently to decrease the backlog of cases that continues to plague the Division.
- The Division completed a transfer of \$349,719.35 from the Wage Claim Fund to Budget and Finance's Unclaimed Property Fund. The funds belong to 1497 employees that could not be located when the Division collected back wages due from previous employers. The transfer of funds from the Wage Claim Fund to the Unclaimed Property Fund now makes those wages available to their owners at http://budget.hawaii.gov/finance/unclaimedproperty/

Successes

 The Compliance Branch resolved 454 complaints including issuing 11 Notice of Violations to contractors on public works

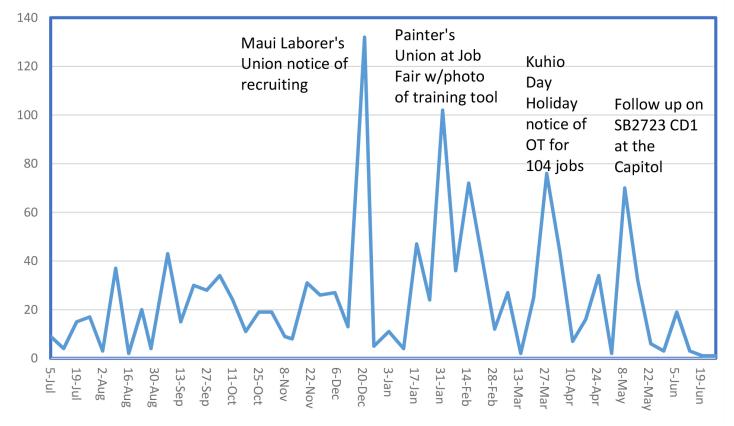


- projects who had violated the prevailing wage law under chapter 104, HRS, and ordered \$35,119 in penalties paid to the State.
- The Compliance Branch identified \$618,302 in back wages found due for 342 workers. Penalties assessed to employers due claimants totaled \$59,205. The Hearings Branch disposed of 44 unlawful termination claims and resolved one prevailing wage claim appeal.
- The Intake and Certification Branch (ICB) took in 562 complaints against employers that were referred to either the Hearings Branch or Compliance Branch.
- The ICB also issued 10,472 child labor permits a 6% increase from Fiscal Year 2015. Variances and addendums required

for productions like "Hawaii Five-0", and other commercial productions that included minors under age 16 working outside the hours permitted by law were just 60, down 33 percent. All outreach to the child labor audience of working minors, parents and employers of minors was accomplished via the WSD Facebook page Hawaii Teens at Work.

The Division responded to 8,906 inquiries and used the blog <u>Inside Wage Standards Division and DLIR</u> as a resource to supplement education and outreach. Activity and audience on social media has increased each year.

HAWAII TEENS AT WORK FACEBOOK WEEKLY REACH FY 2016



Hawaii Civil Rights Commission

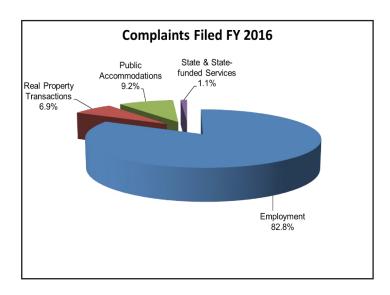
The State of Hawai'i has a strong commitment to the protection of civil rights. Article I, Section 5 of the Hawai'i Constitution provides that "no person shall be denied the enjoyment of civil rights or be discriminated against in the exercise thereof because of race, religion, sex or ancestry." The legislature gave meaning to this commitment by creating the Hawai'i Civil Rights Commission (HCRC), through enactment of Act 219 in 1988 and Acts 386 and 387 in 1989.

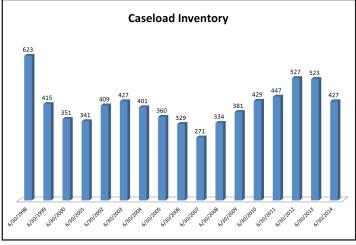
The HCRC was organized in 1990 and officially opened its doors in January 1991. The HCRC enforces state laws prohibiting discrimination in employment (H.R.S. chapter 378, Part I), housing (H.R.S. chapter 515); public accommodations (H.R.S. chapter 489), and access to state and state-funded services (H.R.S. §368-1.5). The HCRC receives, investigates, conciliates, and adjudicates complaints of discrimination. The HCRC has five (5) uncompensated volunteer Commissioners. They are appointed by the Governor, with the consent of the Senate, based on their knowledge and experience in civil rights matters and commitment to preserve the civil rights of all individuals.

By law the Commission may hold hearings and make inquiries, as it deems necessary, and has the authority to administer oaths and affirmations, conduct depositions, compel the attendance of parties and witnesses and the production of documents by the issuance of subpoenas, examine parties and witnesses under oath, require answers to interrogatories, and delegate these powers to any member of the commission or any person appointed by the commission for the performance of its functions.

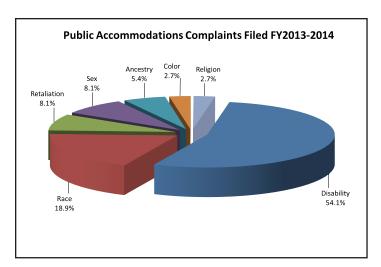
Furthermore, the law authorizes the Commission to enforce the State's anti-discrimination statutes or any of its orders, conciliation agreements, or predetermination settlements by commencing civil action in circuit court; by issuing "right to sue" authority to complainants; or by ordering appropriate legal and equitable relief or affirmative action when violations are found.

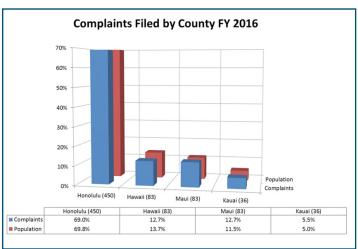
The law also authorizes the Commission to appoint an executive director, deputy executive director, hearings examiners, investigators and other necessary support personnel, as well as attorneys to represent the commission in litigation.

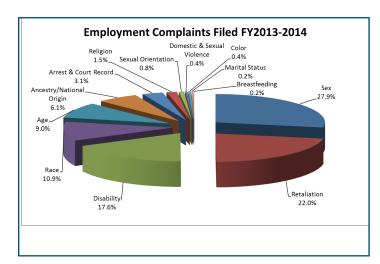


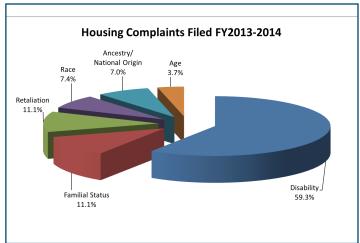


HCRC









Hawaii Labor Relations Board

Composition of the Hawaii Labor Relations Board (HLRB or Board)

The HLRB is comprised of three Board Members appointed by the Governor, and confirmed by the Senate, to a six-year terms of office. The Board members function as administrative law judges.

The Goal of the HLRB

The Board seeks to provide a just, fair, and timely resolution of the issues brought before it consistent with public policy to provide for collective bargaining in the public and private sectors, and to assure employee health and safety in the workplace.

Missions of the Board

The HLRB is charged with the implementation and administration of:

- HRS chapter 89, a law implementing the right of public employees to organize for the purpose of collective bargaining.
- HRS chapter 377, the Hawaii Employment Relations Act, which provides for certification of unions and collective bargaining in the private sector where the National Labor Relations Board has declined jurisdiction, particularly in the agricultural sector.

In addition, the HLRB acts on appeals under:

• HRS chapter 396, the Hawaii Occupational Safety and Health Law, to citations issued by the Director of the Department of Labor and Industrial Relations through the Hawaii Occupational Safety and Health Division (HIOSH.)

The Board fulfills its statutory missions through making determinations, judgments, and providing resolution in matters related to:

- The certification of unions as exclusive representatives for bargaining units created through HRS chapter 89 and by elections under HRS chapter 377.
- The placement of individuals into appropriate bargaining units under HRS chapter 89 and chapter 377.
- Impasses in negotiations under HRS chapter 89 and by elections under HRS chapter 377.
- Prohibited Practice charges filed by unions, employers, and individual bargaining unit members under HRS chapter 89 or Unfair Labor Practice charges filed under HRS chapter 377.
- Requests for Declaratory Rulings made under chapter 89.
- Appeals of citations and penalties issued through HIOSH to employers and employees.

Case Statistics: The following represents the cases filed and pending before the HLRB in FY2016:

Type of Case	Pending 6/30/2015	Filed FY2016	Appealed	Closed FY2016	Pending 6/30/2016
Public Sector					
Prohibited Practice against Employer	116	18		45	89
Prohibited Practice against Union	14	7		14	7
Prohibited Practice against Employee	0	0		0	0
Impasse	2	0		1	2
Declaratory Ruling	2	1		1	2
Unit Clarification	2	0		1	1
Private Sector	0	3		3	0
HIOSH Appeals					
Citation	22	51		53	20
Discrimination	5	1		5	1
Total	163	81		122	122



Objectives of the HLRB in FY2017

- ➤ In 2013, the Board offered a free electronic filing service through File and ServeXpress (FSX) for public labor cases and expanded it to include HIOSH cases in 2014. At the end of FY2016, 95% of all the parties appearing before the Board were utilizing FSX. Since FSX is the most efficient method of handling cases, the Board plans to require all cases filed under chapters 89, 377, and appeals under 396 be managed through the use of FSX.
- The Board will hold public meetings and then complete the process of approving the rules for the "card check" method of certifying union representation under HRS chapter 377, thus completing the implementation of law which was passed in 2009.
- The Board will continue to work on issuance of decisions and orders which have been filed in previous fiscal years, while addressing in a timely fashion new cases and appeals filed in FY2017.
- The Board will finalize and complete the drafting of new procedural rules governing cases under HRS chapter 89 and chapter 377.
- The Board will attempt to complete the process, including public hearings, developing new procedural rules for HRS chapter 396 HIOSH appeals. In 2011, HLRB developed a five-year plan to fulfill its mission more efficiently and effectively and to address its growing case backlog.
- ➤ In 2007, the HLRB was designated the Hawaii Occupational Safety and Health (HIOSH) Appeals Board for HIOSH citations. However, when these cases were transferred from the jurisdiction of the Labor and Industrial Relations Appeal Board, no positions were transferred to HLRB nor were any new positions assigned to the Board to handle this increased workload. The Board will continue to request additional positions commensurate with the continual increase in new HIOSH appeals under chapter 396.

The Board will consider holding hearings on the Neighbor Islands in an effort to promote the just and fair consideration of Prohibited Practice and Unfair Labor Practice charges when they occur outside of the island of Oahu. It is more efficient and fair for the Board to go to the county where the majority of the parties reside, i.e., complainants, respondents, and witnesses. This will advance the parties rights to due process, remove a financial burden on access, especially to those filing pro se complaints. However, this will require that the Board's very modest operating budget be increased to cover the additional travel costs.

Unemployment Insurance Division

The Unemployment Insurance (UI) program provides temporary partial wage replacement to involuntarily unemployed workers and stabilizes the economy during recessions.

While the UI system is administered under state statutes, the US Department of Labor regulates conformity with federal laws and oversees the compliance with performance standards in order for states to receive federal grants to operate the UI program and to qualify for Federal Unemployment Tax Act (FUTA) employer tax offsets.

Eligibility for jobless benefits is contingent upon involuntary unemployment, workforce attachment and ability to/availability for work. Hawaii pays regular state benefits up to 26 weeks at a maximum rate of \$544 for CY 2016. For CY 2016, 70,481 initial claims were filed and 430,716 weekly certifications were processed. More than 90% of all new applications and weekly certifications are processed through the online filing system, which allows claimants greater access, flexibility and security than an interactive voice response (telephonic) or in-person reporting method.

Efficient and reliable service to the public and program integrity continue to be a priority in UI operations and engrained into the UI business model. Improvements to UI automated processes and new and innovative technology projects have enhanced efficiency and convenience of UI services. These ongoing automation projects include the modernization of the UI Claimant Web Filing system to include expansion of the system for LEP clientele and an improved employer web application.

UI Trust Fund

The Hawaii UI trust fund is rebuilding its reserves to adequate levels after insolvency resulted in requests for federal advances beginning in 2010. At the end of 2015, the balance was \$475,877,515 million.

Disability Compensation Division

The Disability Compensation Division (DCD) administers the Workers' Compensation (WC) law. the Temporary Disability Insurance (TDI) law, and the Prepaid Health Care (PHC) law. All employers with one or more employees, whether working full-time or part-time, are directly affected.

The purpose of the Workers' Compensation law is to provide wage loss compensation and medical care to those employees who suffer work-related injuries. Workers' Compensation is an employer paid insurance program that provides economic relief for employees injured on the job. WC benefits include medical and hospital expenses, lost wages, permanent disability disfigurement, and vocational rehabilitation.

Temporary Disability Insurance benefits partially replace wages lost when an employee is unable to work because of an off-the-job sickness or injury, if the employee meets the qualifying conditions of the law. TDI is an employer provided insurance that supplies partial wage loss benefits to employees who suffer off-the-job injuries or illnesses.

The PHC law requires that employers provide employees adequate medical coverage for nonwork related illness or injury, if employees meet the qualifying conditions of the law. Coverage includes hospitalization, surgery, physician office visits, diagnostic tests, and maternity benefits. Hawaii is the only state to adopt a prepaid health care law and continues to be a leader in providing universal health care coverage.

The DCD's mission is to provide economic security and stability for Hawaii's workforce through education, enforcement, and adjudication of the WC, TDI, and PHC laws. Its primary objectives include ensuring efficient processing of claims; timely provision of medical services and payment of benefits to injured workers; employer compliance with WC, TDI, and PHC insurance coverage requirements; and monitoring health plans to ensure employees are provided with the benefits that are required under the PHC law.

DCD plans, directs, and coordinates statewide activities relating to interpretation, implementation and administration of WC, TDI and PHC laws, rules, regulations, policies and procedures. The division's staff of 100 employees is organized into three (3) program offices (WC, TDI/PHC, and Program Support) and five (5) operational branches (Plans, Enforcement, WC Claims, Hearings, and Vocational Rehabilitation). The main office is located in Honolulu with district offices on the Neighbor islands (Wailuku— Maui, Kealakekua—Hawaii, Hilo—Hawaii, and Lihue—Kauai).

HIGHLIGHTS 2015

STATE OF HAWAI'I

REPORTED CASES: 20,805 PROCESSED CASES: 43,149 PROCESSED CASES WITH COST: 30,901

TOTAL COST: \$298,236,528 **COST PER CASE: \$9,651 MEDICAL COST: \$125,643,073 DAYS LOST: 1,129,742 REPORTED FATALITIES: 27**



Kaua'i County

Reported Cases: 1,367 Processed Cases: 2,614 Processed Cases with Cost: 1,796 Total Cost: \$13,116,442

> Cost Per Case: \$7,303 Medical Cost: \$5,711,169 Days Lost: 54,869 Reported Fatality: 3



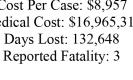
O'ahu

Reported Cases: 14,061 Processed Cases: 28,862 Processed Cases with Cost: 20,721 Total Cost: \$204,716,062 Cost Per Case: \$9,880 Medical Cost: \$85,919,530 Days Lost: 758,275

Reported Fatality: 16



Reported Cases: 2,979 Processed Cases: 6,014 Processed Cases with Cost: 4,316 Total Cost: \$38,656,589 Cost Per Case: \$8,957 Medical Cost: \$16,965,319 Days Lost: 132,648





Hawai'i County

Reported Cases: 2,398 Processed Cases: 5,659 Processed Cases with Cost: 4,068 Total Cost: \$41,747,435 Cost Per Case: \$10,262 Medical Cost: \$17,047,055

Days Lost: 183,950 Reported Fatality: 5

Note: Cost may not add due to rounding.

Labor and Industrial Relations Appeals Board

The Labor & Industrial Relations Appeals Board (LIRAB) is a quasi-judicial agency that is attached to the Department of Labor & Industrial Relations (DLIR) for administrative and budgetary purposes only. LIRAB adjudicates appeals from decisions rendered by the Director of Labor & Industrial Relations (Director) via the Disability Compensation Division relating to workers' compensation matters (chapter 386, Hawaii Revised Statutes) and decisions rendered by the Director relating to the Boiler and Elevator Safety Law (chapter 397, Hawaii Revised Statutes). Proceedings before LIRAB are subject to chapter 91 of the Hawaii Administrative Procedures Act and other applicable administrative rules and laws.

LIRAB's program objective is to provide prompt, just and efficient adjudication of appeals from decisions of the Director of Labor & Industrial Relations relating to Workers' Compensation and Boiler and Elevator Safety.



LIRAB comprises two Board Members and one Chairperson who are appointed by the Governor of the State of Hawaii and confirmed by the Hawaii State Senate for 10-year terms. The Chairperson is required by law to be an attorney licensed to practice in all of the courts of this State

Workers' Compensation Cases	
New LIRAB appeals received in FY 2016	404
Cases disposed of or closed by settlement, dismissal, Decision and Order, or other means in FY 2016	504
Cases pending as of June 30, 2016	530
Pre-hearing conferences (initial, settlement and status conferences) held in FY 2016	946
Motions/Orders to Show Cause /Oral Arguments heard in FY 2016	217
Trials held in FY 2016	91
Percentage of appeals resolved within 15 months of receipt in FY 2015	75%
Percentage of appeals upheld by appellate court in FY 2015	52%
Number of cases awaiting written decision and order in FY 2016	108
Number of Appellate Court Decisions issued in FY 2016	17
Boiler & Elevator Safety Cases	
Cases pending as of June 2016	0
New appeals filed during FY 2016	0

LIRAB

LIRAB FY 2016 Accomplishments

- LIRAB implemented electronic signatures
 (E-Sign) for leave requests and approvals
 (G-1s), as well as notices, orders, and
 decisions. The E-Sign procedure has improved
 efficiency in the signing and processing of
 documents and reduced costs associated with
 printing and photocopying of G-1 forms.
- LIRAB completed construction of a new and improved webpage to allow for online posting of notices of agency hearings in accordance with the new law that was enacted in the 2015 legislative session. This law authorized LIRAB the option to provide notice of agency hearing by online posting on LIRAB's webpage as an alternative to notice by publication in newspapers in cases where a party could not be located and such notice could not be made via first class mail. LIRAB began posting online notices of hearing early this year.
- LIRAB continues to implement its electronic document management system to digitize paper case files on appeal. The electronic document management system went live in June 2015.
 As of FY 2015-16, LIRAB has digitized more than 70,000 documents. Digitizing paper documents improves efficiency and streamlines the appeals process by reducing misfiled or lost documents and allowing more than one board or staff member to concurrently and electronically access and work on the same file.

Employment Security Appeals Referees' Office

The Employment Security Appeals Referees' Office's ("ESARO") principal function is to provide an independent review of Unemployment Insurance ("UI") Division determinations through an administrative appeals process, and plays an integral role in promoting the overall UI program objective of alleviating financial hardship for qualified unemployed individuals and stabilizing the economy during recessionary periods.

Hearing officers, also referred to as appeals referees, conduct an appeal hearing and issue written decision based on all relevant evidence presented during an appeal. The administrative appeals process provides individuals and employers with an opportunity to fully develop and articulate their position regarding a UI Division determination, and thereafter to promptly receive a detailed explanation about the outcome. Individuals or employers have the ability to either request a reopening or reconsideration by ESARO, and/or to seek judicial appeal by the state circuit courts thereafter.

Besides a chief appeals officer/administrator who also conducts hearings, ESARO is staffed by three fulltime hearing officers, two per diem hearing officers (limited to no more than nine work days per month), one secretary, one full-time office assistant, and one part-time intermittent office assistant. Each hearing officer is typically scheduled for 25 to 26 hearings per week, or its daily equivalent.

2016 Challenges and Highlights

ESARO has federally-mandated performance standards. Specifically, ESARO must issue at least 60% of its decisions within 30 days from the appeal request date, and 80% within 45 days. The average case age of all pending cases (ones in which a decision has not yet been rendered) must be less than 30 days.

In the fiscal year ending June 30, 2016, ESARO had an average completion rate of 85% in 30 days and 93% in 45 days, with an average case age of 35 days. During this period, ESARO issued 4,632 decisions, or

an average of approximately 386 decisions per month. The same statistics for the prior year are provided below for comparison.

	FY2016	FY2015
30-day completion rate	85%	83%
45-day completion rate	93%	92%
Average case age	35	25.4
Total appeals filed	4178	4400
Total appeal decisions	4632	4724

Although the average case age for the year was 35 days, that statistic was attributable to approximately 10-12 aging cases that were resolved by April 2016. The average case age was back down to 18.4 days by May 2016, and has remained well below the 30 days average case age to the present time. Despite high workloads for the relatively few personnel, ESARO continues to meet all federal performance standards and consistently ranks in the top 20% nationwide in completion rates.

Our estimated workload for the upcoming fiscal year is 4300 new appeals, which is slightly higher than the actual number of new appeals (4178) filed in FY 2015-16. When fully staffed, ESARO does not anticipate any difficulties in continuing to meet federal performance standards.

The online appeals system, launched in December 2013, continues to grow in usage, with approximately 75-80% of our customers using the system. The online appeal system gives customers real-time access without having to physically check a mailbox or post office box from any location. Paper filing is still available, however, to those with technical or access challenges. If available in the upcoming year, ESARO will apply for supplemental federal monies to upgrade the existing system.

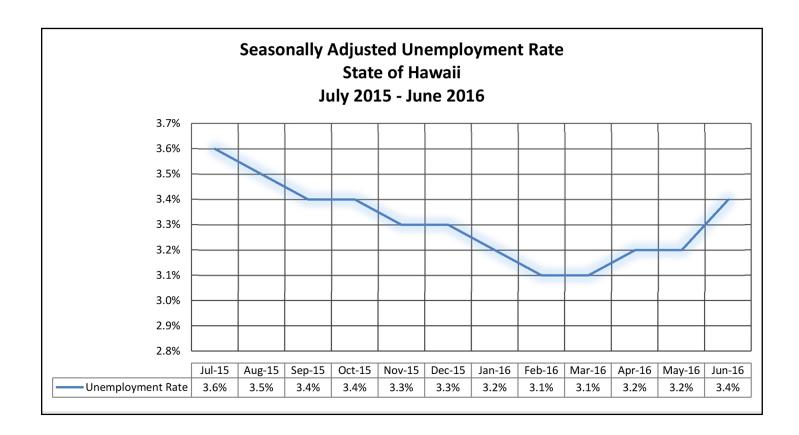
Research and Statistics Office

The Research and Statistics (R&S) Office conducts labor research and analysis; develops labor force estimates on employment and unemployment in cooperation with the Bureau of Labor Statistics (BLS) and the Employment and Training Administration of the U.S. Dept. of Labor (USDOL); and provides technical assistance and management data to DLIR's divisions. R&S supports the DLIR in carrying out its mission by providing labor market and labor-related information that helps with research, business planning, job search, and career decisions.

The **Labor Force Research** staff developed, analyzed, and disseminated information on the labor force, unemployment, employment, industry wages, job counts, and hours and earnings as required by our contractual agreement with the BLS. They kept everyone up to date on the latest employment figures and the State's unemployment rate. These statistics are available for download from Hawaii Infonet at www.hiwi.org.

The **Labor Market Research (LMR)** staff produced state industry and occupational projections for the short-term 2015-2017 as well as the long-term 2014-2024. Their analysis of the labor market found that while tourism sparked Hawaii's rise from the Great Recession, the construction industry will continue to lead the economic recovery. All major industries are expected to enjoy positive job growth. The reports can be found at www.hiwi.org.

A major undertaking was the research and economic and labor market analyses for the State and the Counties for the Workforce Innovation and Opportunity Act (WIOA) Unified State Plan. LMR staff continued to maintain the Hawaii Green Jobs portal, www.greenjobshawaii.org, and the Hawaii Directory of Green Employers. Staff provided support for the Workforce Development Council's and the Workforce Development Division's websites and conducted surveys about soft skills employers require and the effectiveness of the Employment Training Fund.



Career Kokua, the Hawaii Career Information Delivery System, www.careerkokua.org, provided up-to-date localized career and related training information to Hawaii's schools and workforce development agencies. During FY 2015-16 the most accessed information files were the Local Occupations information followed by the Programs of Study and Training information, and information about local postsecondary schools. Career Kokua staff also conducted 42 Skills Assessment workshops for unemployed workers in partnership with the Workforce Development Division and Oahu WorkLinks.

The Workforce Data Quality Initiative (WDQI)

Grant concluded in December 2015. Although the Workforce Longitudinal Data System (WorLDS) was successfully tested and completed, no additional funding was secured to continue the project. During the last few months of 2015, the WDQI team

- Successfully negotiated a fee-for-service contract with the Workforce Development Division (WDD) for an evaluation and analysis of the Volunteer Internship Program.
- Reached an agreement with C3T (a USDOLfunded TAACCCT grant) at Honolulu Community College to provide data on participants as proof of concept (although the college later pulled back).
- Experienced success in matching Vocational Rehabilitation (DVR) participation data to UI wage records. As a result, DVR was able to report the number of its participants that were able to obtain and retain a job, which would lead to reimbursement of funds for its project. This reimbursement was seen as a great benefit for the State and for DVR to obtain additional funding to serve its clients.
- Continued assisting WDD in processing the daily requests and quarterly reports for the Wage Record Interchange System (WRIS).

The Operations Management Information (OMI) staff provided research and statistical services required by State and Federal laws and supported the core programs administered by DLIR's line divisions, the USDOL, and federal contracts. For the Unemployment Insurance (UI) Division, OMI produced federally-mandated UI statistical reports, the UI annual trust fund financing report, the UI Fact Book, Characteristics of the Insured Unemployed in Hawaii, UI trust fund projections and conducted the UI data validation program. For the Disability Compensation Division, OMI calculated the Special Compensation Fund Levy, published the Workers' Compensation Data Book and conducted the Medical Fee Schedule survey. OMI staff reviewed union contracts and published the Wage Rate Schedule (chapter 104, HRS).

OMI also supported WDD with Worker Profiling statistics. For HIOSH (Hawaii Occupational Safety and Health), OMI conducted the Annual State and County Government Survey and produced quarterly building permits samples and information for their planning reports. OMI also conducted the Survey of Occupational Injuries and Illnesses (SOII) and provided data and characteristics of Hawaii work-related fatalities for the Census of Fatal Occupational Injuries (CFOI) program. In addition, OMI supported the DLIR with statistics required by law such as the Employment of State Residents on Construction Procurement Contracts (chapter 103B, HRS) and the State Average Monthly Wage (chapter 421C, HRS), as well as Limited English Proficiency data.

These OMI reports and publications may be accessed on the DLIR's web site at http://labor.hawaii.gov/rs/.

Office of Community Services

The Office of Community Services (OCS), administratively attached to the Department of Labor and Industrial Relations, is mandated to provide human service programs for Hawaii's economically disadvantaged, immigrants, and refugees. OCS was created by the Hawaii State Legislature through Act 305, SLH 1985, codified as chapter 371K, Hawaii Revised Statutes.

OCS is the lead state agency responsible for planning and developing programs, securing Federal and State funds, procuring and contracting with private agencies to provide services aimed at ameliorating poverty-causing conditions and reducing barriers to social and economic self-sufficiency.

OCS administers eight (8) recurring Federal programs, through contracts with non-profits: Community Services Block Grants (CSBG), Weatherization Assistance Program (WAP), The Emergency Food Assistance Program (TEFAP), Senior Farmers' Market Nutrition Program (SFMNP), Community Supplemental Food Program (CSFP), Legal Services to Protect the Rights of Children and their Families (with Hawaii Department of Human Services), and grants from the Office of Refugee Resettlement for refugees and Department of Justice for services to Human Trafficking victims.

OCS also administers the following State-funded programs, through contracts with non-profits: Employment Core Services for Low-Income Persons, Employment Core Services for Immigrants, Employment Core and Recidivism Prevention for Reintegrating Individuals, and our four Immigrant Resource Centers.

OCS also administers chapter 42F Grants-In-Aid that were appropriated by the Legislature for the benefit of non-profit organizations, where DLIR is the expending agency.

In FY 2015-16, OCS also managed the Affordable Care Act transition due to the abrupt shutdown of the Hawaii Health Connector in December 2015. OCS was awarded a \$6.7 million grant from the US Department of Health and Human Services, Centers

for Medicare and Medicaid Services (CMS) to assist with the transition

In addition, OCS was awarded a grant from the US Department of Defense, Office of Economic Adjustment to systematically identify and study Hawaii's defense supply chain so that Hawaii will be better able to adjust and adapt to the military's changing requirements in a timely manner. The defense industry in Hawaii is Hawaii's second largest economic sector.

State Fire Council

The State Fire Council (SFC) is administratively attached to the State of Hawaii (State), Department of Labor and Industrial Relations and comprised of four county Fire Chiefs. Its primary mission is to develop a comprehensive fire service emergency management network for the protection of life, property, and environment throughout the State. The SFC is responsible for adopting a state fire code, applying and administering federal fire-related grants, and administering a Reduced Ignition Propensity Cigarette (RIPC) Program. The SFC may advise and assist county fire departments where appropriate and prescribe standard procedures and forms related to inspections, investigations, and reporting of fires. It also advises the Governor and legislature on issues relating to fire prevention and protection, life safety, and any other function or activity for which the various county fire departments are responsible.

The currently adopted State Fire Code uses the National Fire Protection Association (NFPA) 1 Fire Code, 2012 Edition. The State Fire Code Investigative Committee, which is comprised of one member from each county fire department, met regularly throughout the fiscal year to review and amend the NFPA 1 Fire Code, 2015 Edition. The State Fire Code, in union with the county fire codes, comprehensively addresses minimum requirements for the protection of life and property to mitigate and prevent the disastrous effects of fire, explosion, and hazardous materials incidents.

The SFC has been a voting member of the State Building Code Council (SBCC) since its inception in 2007. Its 11 voluntary members are comprised of county, State, and private stakeholders who coordinate the adoption of a comprehensive set of building codes for the State. The technical work of the SBCC has been completed for several code cycles; however, due to a lack of funding to initiate, facilitate, and complete the Hawaii Administrative Rule making process, the state building codes lag far behind more than 90% of other states. This lack of action will increasingly place future federal disaster relief grants, affordable property insurance rates, and the Hawaii Hurricane Relief Fund at risk.

After the passage of Act 218, 2008 Legislative Session, Hawaii became the 36th state, along with the District of Columbia, requiring that only RIPC be sold in the State effective September 30, 2009. The SFC administers the RIPC program. The purpose of this law is to reduce the number of accidental fires involving smoking-related materials and decrease the number of injuries and fatalities. On January 16, 2014, the SFC hired an RIPC program manager. A list of cigarettes that were approved for sale was completed. A total of 748 brand/styles of cigarettes are approved for sale in the State. Retail inspections reveal that closer to 250 of those brand/styles are actually being sold in retail outlets. Work in progress includes administrative rules, enforcement procedures, independent compliance testing, fire investigation statistical analysis, and "roll your own" compliance issues. In 2015, the RIPC program manager began to conduct inspections of wholesale and retail businesses that distribute or sell cigarettes. These inspections were conducted throughout the State. A total of 154 inspections were conducted in 2015 and another 799 were completed in 2016.

Total inspections conducted to date: 953

Travel costs incurred to date: \$ 4,723.54

The RIPC program manager also began to randomly purchase cigarettes that were sent to preapproved facilities to conduct independent RIPC testing. In 2015, 113 brand/styles were purchased and sent for testing. Another 273 brand/styles were purchased and sent for testing in 2016.

Total purchase costs to date, \$ 13,657.12 including shipping and handling:

Total testing costs to date: \$138,625.25

SFC

Cigarettes sold in in the State must be certified to be "Fire Standard Compliant" or FSC cigarettes. Manufacturers must provide the RIPC office with proper documentation verifying this fact initially for each brand/style they wish to sell and again every three years thereafter. A \$375 fee must also be provided for each brand/style cigarette by the manufacturer.

Total RIPC certification fees collected to date:

\$953,625.00

Approximate current RIPC

\$695,698.74

fund balance:

The SFC supported and submitted testimony during the 2016 Legislative Session on bills related to repealing the statute that prohibits counties from requiring residential fire sprinklers in new one- and two-family dwellings; allowing a residential sprinkler tax credit; fireworks housekeeping; increasing display permit fees; and prohibiting the statewide use of consumer fireworks on the three designated holidays. None of the bills passed. The SFC introduced and supported House Concurrent Resolution 32 and Senate Resolution 6, which created a task force to study the issues related to the increased risk of cancer in fire fighters compared to the general population. Both measures passed.

The SFC coordinated statewide fire service training courses in Residential Sprinkler Plan Review, Initial Fire Investigation for the First Responder, Shaping the Future, Wildland Urban Interface, Training Operations in Small Departments, Exercising Leadership Ethically, Who Protects Firefighters from Firefighters, and Preparation for Initial Company Operations. The SFC continues to meet quarterly to fulfill its statutory duties and responsibilities.

Department of Labor and Industrial Relations

Name of Fund: **WIOA Implementation Activities**

Administratively Created **Legal Authority:**

Fund Type (Method of Funding): Federal (N) **Appropriation Account No.:** S-16-509-L

Intended Purpose: To provide support for the implementation of the Workforce Innovation

and Opportunity Act.

Source of Revenues: Federal WIA Dislocated Worker National Reserve Funds

Current Program Activities: Personnel and operating costs to inspect and certify boilers and elevators,

staff training and certification fees, preparation and dissemination of public

information on safe installation and use of equipment.

Financial Data	FY 2017 (Estimated)	FY 2018 (Estimated)
Appropriation Ceiling	\$ 114,852	\$ 29,852
Beginning Cash Balance	\$ 0	\$ 5,000
Revenues	\$ 90,000	\$ 24,852
Expenditures	\$ 85,000	\$ 29,852
Transfers (by JV# and Date)		
Net Total Transfers		
Ending Cash Balance	\$ 5,000	\$ 0
Encumbrances		
Unencumbered Cash Balance	\$ 5,000	\$ 0
Amount Required for Bond Conveyance		

Amount Derived from Bond Proceeds

Department of Labor and Industrial Relations

Name of Fund: **EA Consultation Agreements**

Legal Authority:

Fund Type (Method of Funding): Federal Grant (P)

S-223-L **Appropriation Account No.:**

Intended Purpose: To fund consultative workplace safety and health services, targeting

smaller employers with more hazardous operations.

Source of Revenues: CFDA 17-504

Current Program Activities: Cooperative Agreements to States to provide occupational safety and

health consultative services to employers.

Financial Data	FY 2016 (actual)	FY 2017 (estimated)
Appropriation Ceiling	\$ 521,365	\$ 657,028
Beginning Cash Balance		
Revenues		\$606,172
Expenditures	\$ 325,228	\$606,172
Transfers (by JV# and Date)	\$ 325,228	\$606,172
Net Total Transfers	\$ 325,228	
Ending Cash Balance		\$ 0
Encumbrances		
Unencumbered Cash Balance		\$ 0
Amount Required for Bond Conveyance		

Amount Derived from Bond Proceeds

Department of Labor and Industrial Relations

Name of Fund: Hoisting Machine Operators' Certification Revolving Fund

Chapter 396-20, HRS **Legal Authority:**

Fund Type (Method of Funding): Revolving (W) **Appropriation Account No.:** S-330-L

Intended Purpose: Certification of Hoisting machine operators

Source of Revenues: Certification fee, penalties, fines, and interest earned on investments

Personnel and operating expenses for an executive director for the hoisting **Current Program Activities:**

machine operators advisory board, preparation and dissemination of public information on certification and training, and preparation of annual reports

on activities and accomplishments.

Financial Data	FY 2016 (actual)	FY 2017 (estimated)
Appropriation Ceiling	\$ 521,365	\$ 657,028
Beginning Cash Balance		\$
Revenues		\$ 606,172
Expenditures	\$ 325,228	\$ 606,172
Transfers (by JV# and Date)	\$ 325,228	
Net Total Transfers	\$ 325,228	
Ending Cash Balance		\$ 0
Encumbrances		
Unencumbered Cash Balance		\$ 0
Amount Required for Bond Conveyance		

Amount Derived from Bond Proceeds

Department of Labor and Industrial Relations

Name of Fund: OSHA Bureau of Labor Statistics Program

Legal Authority:

Fund Type (Method of Funding): Federal Grant (P)

Appropriation Account No.: S-232-L

Intended Purpose: To provide, analyze, and publish a diverse set of measures of employee

> compensation, including cost, wages, and benefits and work-related injuries, illnesses, and fatalities, compile work stoppages statistics, and

conduct research to improve the measurement process.

Source of Revenues: CFDA 17-005

Current Program Activities: This program provides the following information: (A) level and trend data on employee

> wages and compensation; (B) studies of employee benefits plans; (C) national and state data on occupational injuries, illness and fatalities; and (D) information on work stoppages. It also makes available funds in the form of cooperative agreements to state agencies or designated local governments for collection of data on occupational injuries, illnesses, and fatalities. The Occupational Safety and Health Statistics program authorizes funds on a matching basis to states or local governments to assist them in developing and

administering programs.

Financial Data	FY 2016 (actual)	FY 2017 (estimated)
Appropriation Ceiling	\$ 125,000	\$ 148,657
Beginning Cash Balance		
Revenues		\$ 111,757
Expenditures	\$ 64,443	\$ 111,757
Transfers (by JV# and Date)	\$ 64,443	
Net Total Transfers	\$ 64,443	
Ending Cash Balance		
Encumbrances		
Unencumbered Cash Balance		
Amount Required for Bond Conveyance		

Amount Derived from Bond Proceeds

Department of Labor and Industrial Relations

Name of Fund: Alien Labor Certification Program

Administratively Created **Legal Authority:**

Fund Type (Method of Funding): Federal Grant (P)

Appropriation Account No.: S-209-L

Intended Purpose: To provide greater protection for U.S. and foreign workers while assisting

> U.S. employers seeking to hire temporary foreign workers when no able, willing, and qualified U.S. workers are available. To ensure that adequate working and living conditions are provided for foreign and domestic

workers.

Source of Revenues: CFDA17-273

Current Program Activities: Employers may, upon meeting certain conditions of employment, use

> this assistance to seek the admission of foreign workers for positions in the United States, provided that the employment of such foreign workers will not adversely affect the wages and working conditions of similarly-

employed U.S. workers.

Financial Data	FY 2016 (actual)	FY 2017 (estimated)
Appropriation Ceiling	\$ 141,564	\$ 71,564
Beginning Cash Balance		
Revenues		
Expenditures	\$ 53,728	\$ 71,564
Transfers (by JV# and Date)	\$ 53,728	\$ 71,564
Net Total Transfers	\$ 53,728	\$71,564
Ending Cash Balance		
Encumbrances		
Unencumbered Cash Balance		
Amount Required for Bond Conveyance		

Amount Derived from Bond Proceeds

Department of Labor and Industrial Relations

Name of Fund: Employment Service / Wagner-Peyser

Legal Authority:

Fund Type (Method of Funding): Federal (N) **Appropriation Account No.:** S-201-L

Intended Purpose: The Employment Service (ES) program brings together individuals

looking for employment and employers looking for job seekers. It does this by providing a variety of services, which are available to all individuals. The program provides Job seekers with career services, including labor exchange services, job search assistance, workforce

information, referrals to employment, and other assistance. Employers can

use the ES to post job orders and obtain qualified applicants.

Source of Revenues: CFDA17-207

Current Program Activities: For Wagner-Peyser Employment Services Grants to States, funds must

be used for career services, including labor exchange activities and the provision of labor market information. Training is not an allowable activity. Services available include assessments of career interests, career

guidance when appropriate, job search workshops, and referral to jobs or

training as appropriate.

Financial Data	FY 2016 (actual)	FY 2017 (estimated)
Appropriation Ceiling	\$ 4,446,366	\$ 4,500,000
Beginning Cash Balance	\$ 253,413	\$ 211,240
Revenues	\$ 4,181,427	\$ 3,400,000
Expenditures	\$ 3,565,134	\$ 3,600,000
Transfers (by JV# and Date)	(658,466)	
Net Total Transfers	(658,466)	
Ending Cash Balance	\$ 211,240	\$ 11,240
Encumbrances		
Unencumbered Cash Balance	\$ 211,240	\$ 11,240
Amount Required for Bond Conveyance		

Amount Derived from Bond Proceeds

Department of Labor and Industrial Relations

Name of Fund: UI Worker Misclassification Prevention & Detection

Legal Authority: non-appropriated 1/, CFDA: 17:225 Unemployment Insurance

(Award no. UI-26364-14-60-A-15)

Fund Type (Method of Funding): Federal (N) **Appropriation Account No.:** S-15-503-L

Intended Purpose: To enable Hawaii UI to better meet USDOL requirements for

misclassification detection and increase our enforcement activities for

worker misclassification.

Source of Revenues: Federal grant from U.S. Department of Labor

To implement a new UI Tax Field Audit Application to improve the **Current Program Activities:**

> efficiency of the audit performance and reduce audit processing time. The application will enhance the audit selection process by identifying employers and directing audits towards employers most likely to have

misclassified workers or underreported wages.

Financial Data	FY 2016 (actual)	FY 2017 (estimated)
Appropriation Ceiling	\$ 500,000	\$ 435,000
Beginning Cash Balance		
Revenues		
Expenditures	\$ 65,000	\$ 435,000
Transfers (by JV# and Date)	\$ 65,000	\$ 435,000
Net Total Transfers	\$ 65,000	\$ 435,000
Ending Cash Balance		
Encumbrances		
Unencumbered Cash Balance		
Amount Required for Bond Conveyance		

Amount Derived from Bond Proceeds

Department of Labor and Industrial Relations

Name of Fund: Older American Program Administratively Created **Legal Authority:**

Fund Type (Method of Funding): Federal (N) **Appropriation Account No.:** S-222-L

Intended Purpose: To provide employment and training services to Older Americans

Source of Revenues: Federal Older Americans Program Funds (CFDA17.235)

Current Program Activities: Salaries, fringe benefits and training cost for older individuals placed in

positions at government or non-profit agencies

Financial Data	FY 2016 (actual)	FY 2017 (estimated)
Appropriation Ceiling	\$ 2,224,268	\$ 2,492,110
Beginning Cash Balance	\$ 651	\$ 146,856
Revenues	\$ 1,723,517	\$ 1,700,000
Expenditures	\$ 1,577,311	\$ 1,650,000
Transfers (by JV# and Date)		
Net Total Transfers		
Ending Cash Balance	\$ 146,856	\$ 196,856
Encumbrances		
Unencumbered Cash Balance	\$ 146,856	\$ 196,856
Amount Required for Bond Conveyance		

Amount Derived from Bond Proceeds

Department of Labor and Industrial Relations

Name of Fund: Unemployment Insurance Fund

Chapter 383-127, HRS **Legal Authority:**

Fund Type (Method of Funding): Special (B) **Appropriation Account No.:** S-314-L

Intended Purpose: Payment of refunds, interest, and expenditures deemed necessary in

the administration of this chapter for which no allocation of federal

administration funds have been made.

Interest, fines and penalties collected pursuant to Chapter 383 Hawaii **Source of Revenues:**

Revised Statutes.

Payment of various expenses relating to the administration of the **Current Program Activities:**

unemployment insurance program

Financial Data	FY 2016 (actual)	FY 2017 (estimated)
Appropriation Ceiling	\$ 2,000,000	\$ 2,000,000
Beginning Cash Balance	\$ 8,871,703	\$ 9,795,388
Revenues	\$ 923,699	\$ 1,200,000
Expenditures	\$ 14	\$ 300,000
Transfers (by JV# and Date)		
Net Total Transfers		
Ending Cash Balance	\$ 9,795,388	\$ 10,695,388
Encumbrances		
Unencumbered Cash Balance	\$ 9,795,388	\$ 10,695,388
Amount Required for Bond Conveyance		

Amount Derived from Bond Proceeds

Department of Labor and Industrial Relations

Name of Fund: Unemployment Insurance Fund

Chapter 383-121, HRS **Legal Authority:**

Fund Type (Method of Funding): Special (B) **Appropriation Account No.:** S-312-L, S-313-L

Intended Purpose: All contributions pursuant to this chapter shall be paid into the fund and

compensation and benefits payable pursuant to this chapter shall be paid

from the fund.

Source of Revenues: Contributions collected pursuant to Chapter 383 Hawaii Revised Statutes,

> interest earned on moneys in the fund, property or securities and earnings of such property of securities, and moneys credited pursuant to Section

903 of the Social Security Act.

Current Program Activities/

Allowable Expenses:

Payment of unemployment insurance benefits and for refunds of contributions, and payment of Administrative expenses from money

credited pursuant to Section of the Social Security Act.

Variances: Unemployment claims dropped from 4.0% to 3.3%, UI

Financial Data	FY 2016 (actual)	FY 2017 (estimated)
Appropriation Ceiling	\$ 358,000,000	\$ 358,000,000
Beginning Cash Balance	\$ 435,363,280	\$ 504,586,106
Revenues	\$ 212,812,591	\$ 171,000,000
Expenditures	\$ 143,589,765	\$ 152,500,000
Transfers (by JV# and Date)		
Net Total Transfers	\$ 0	\$ 0
Ending Cash Balance	\$ 504,586,106	\$ 523,086,106
Encumbrances		
Unencumbered Cash Balance	\$ 504,586,106	\$ 523,086,106
Amount Required for Bond Conveyance		

Amount Derived from Bond Proceeds

Department of Labor and Industrial Relations

Employment and Training Special Fund Name of Fund:

Legal Authority: Chapter 383-128, HRS

Fund Type (Method of Funding): Special (B)

Appropriation Account No.: S-315-L, S-316-L, S-318-L (Effective 7/1/16 S-318-L reported as

S-316-L)

Intended Purpose: To provide grants and subsidies to public, private and non-profit

organizations for employment, education and training.

Employer contributions **Source of Revenues:**

Current Program Activities/

Allowable Expenses:

A) Programs to create a more diversified base for businesses; B) Programs for high-growth industries with critical shortages; C) Programs to retrain unemployed workers; D) Programs for individuals who do not qualify for federal or state programs; E) Programs for individuals to improve career

employment prospects.

Variances: Revenue - Employment and training fund revenues are based on

assessments imposed at a rate of .01 per cent of taxable wages. Variances are attributed to fluctuations in employer assessments. Expenses - services

are adjusted to ensure continued solvency of the fund.

Financial Data	FY 2016 (actual)	FY 2017 (estimated)
Appropriation Ceiling	\$ 3,642,288	\$ 3,642,288
Beginning Cash Balance	\$ 2,635,711	\$ 2,235,711
Revenues	\$ 1,549,751	\$ 1,000,000
Expenditures	\$ 1,084,968	\$ 1,600,000
Transfers (by JV# and Date)		
Net Total Transfers	\$ 0	\$ 0
Ending Cash Balance	\$ 3,100,495	\$ 1,635,711
Encumbrances		
Unencumbered Cash Balance	\$ 3,100,495	\$ 1,635,711
Amount Required for Bond Conveyance		
Amount Derived from Bond Proceeds		

DLIR Directory

AdministrationDirector's Office586-8844Deputy Director's Office586-8852Administrative Services Office586-8888Personnel Office586-9043Information Line586-8842Emaildlir.director@hawaii.gov	Office of Community Services (Refugees, Immigrants, Economically Disadvantaged) Phone
DLIR District Offices Hilo 974-6464 Kona 322-4808 Maui 243-5322 Kauai 274-3351	State Fire Council Phone
Disability Compensation Division Workers' Compensation Facilitator	File a Claim Online http://uiclaims.hawaii.gov Phone Applications (Hawaii) .643-5555 Outside Hawaii 1-877-215-5793 Claims & Benefits:
Employment Security Appeals Referees' Office Honolulu	Molokai553-1750Kauai274-3043Employer Services:586-8926Oahu586-8926Hilo974-4095Kona974-4095Maui984-8410Molokai984-8410Kauai274-3025
Hawaii Civil Rights Commission Phone	Wage Standards Division Phone
(Public Sector Collective Bargaining)	Workforce Development Council Phone
General Phone	Workforce Development Division General Phone 586-8877 Apprenticeship 586-8877 Employment & Training Fund 586-8818 Job Training (WIA) 586-8877 Oahu Employer's Job Orders 586-8700 Website hirenethawaii.com Oahu Jobseekers: Honolulu 586-8700 Waipahu 675-0010 Neighbor Island Employers & Jobseekers: Hilo 981-2860 Kona 327-4770 Maui 984-2091
Labor & Industrial Relations Appeals Board Phone	Molokai

