



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Amended

Statement of
LUIS P. SALAVERIA
Director

Department of Business, Economic Development, and Tourism

before the

SENATE COMMITTEE ON WAYS AND MEANS

Friday, April 21, 2017

9:35 A.M.

State Capitol, Room 211

in consideration of

HCR89

**REQUESTING THE DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS AND
THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM
TO CONVENE A BASIC ECONOMIC SECURITY WORKING GROUP.**

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee.

DBEDT agrees with the University of Hawaii Economic Research Organization (UHERO) that automation of service sector jobs is already reshaping the labor market, as automation of manufacturing jobs did over the last century -- causing vast disruptions in the economic and social fabric of human lives in addition to many positive benefits.

DBEDT also agrees that it is the best interests of a peaceful democratic society to attempt to understand the impacts of the coming disruptions on Hawaii's labor force and look for interventions that can maintain the dignity of economic self-sufficiency for Hawaii's service sector supported households.

DBEDT has already started this work with efforts to expand the technology and creative sectors to give Hawaii's young people career choices that pay living wages, thus reducing the disruption to local communities and families when young people move to the mainland to find better paying jobs.

The Department of Business, Economic Development & Tourism (DBEDT) appreciates the intent of this resolution for the Department of Labor and Industrial Relations (DLIR) and DBEDT to convene a basic economic security working group. However, in addition to our regular studies, we have several on-going and current in-session mandated studies including:

- Assessing the emerging industries;
- Self-sufficient income standards;
- Research activity tax credit study;

- Film tax credit study;
- Real property tax study

We currently do not have sufficient resources to convene a working group at this time. DBEDT has requested one additional Economist position in BED 130 to be able to undertake Legislative initiatives such as this one.

Thank you for the opportunity to provide the above comments.

DAVID Y. IGE
GOVERNOR

SHAN S. TSUTSUI
LIEUTENANT GOVERNOR



LINDA CHU TAKAYAMA
DIRECTOR

LEONARD HOSHIJO
DEPUTY DIRECTOR

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LATE

April 21, 2017

To: The Honorable Jill N. Tokuda, Chair,
The Honorable Donovan M. Dela Cruz, Vice Chair, and
Members of the Senate Committee on Ways and Means

Date: Friday, April 21, 2017
Time: 9:35 a.m.
Place: Conference Room 211, State Capitol

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

**Re: HCR 89 Requesting the Department of Labor and Industrial Relations and the
Department of Business, Economic Development, and Tourism to convene a
Basic Economic Security Working Group**

I. OVERVIEW OF HOUSE CONCURRENT RESOLUTION

HCR 89 requests DLIR and the Department of Business, Economic Development, and Tourism (DBEDT) to convene a basic economic security working group.

The Department supports the intent of this measure, but has concerns. The two entities in DLIR that would participate in this working group (Workforce Development Division and Workforce Development Council) face significant cuts in funding as the Trump Administration has indicated in its “skinny” budget that it is specifically targeting reductions in funding for workforce development. Therefore, DLIR would require additional resources to participate in the working group provided its passage appropriates funds and does not adversely affect priorities identified in the Governor’s Executive Budget request.

II. CURRENT LAW

There is no current law pertaining specifically to the creation of a working group to address the economic security of Hawaii’s workforce.

III. COMMENTS ON THE HOUSE CONCURRENT RESOLUTION

DLIR supports the intent of this measure as a way to bring groups together to assess and recommend policy changes to address the vulnerability of Hawaii's workforce to economic disruption. However, as noted above, DLIR is concerned about adequate resources to do the study.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Ways and Means
April 21, 2017 9:35 a.m.

By
Denise Eby Konan, Dean
College of Social Sciences
University of Hawai'i at Mānoa

HCR 89 – REQUESTING THE DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS AND THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT, AND TOURISM TO CONVENE BASIC ECONOMIC SECURITY WORKING GROUP

Chair Tokuda, Vice Chair Dela Cruz, and members of the committee:

Thank you for the opportunity to provide testimony on House Concurrent Resolution 89. This measure includes the executive director of the University of Hawai'i Economic Research Organization (UHERO) as a member of a Basic Economic Security Working Group within the Department of Labor and Industrial Relations and the Department of Business, Economic Development and Tourism to address the potential for significant economic disruption and ensure the economic sustainability of Hawaii's individuals and families in light of future automation, innovation, and disruption.

UHERO is housed within the Social Science Research Institute of the College of Social Sciences. The mission of UHERO is to inform public and private sector decision-making through rigorous, independent economic research on the people, environment, and economies of Hawai'i and the Asia-Pacific region. This mission aligns with the working group's charge to:

- (1) Assess Hawaii's job market exposure to automation technologies, globalization, and disruptive innovation;
- (2) Assess Hawaii's existing spending on social safety net programs and other relevant expenditures, as well as expected spending on those programs in light of anticipated automation technologies, globalization, disruptive innovation, and job losses;
- (3) Identify and analyze options to ensure economic security, including a partial universal basic income, full universal basic income, and other mechanisms;
- (4) Monitor studies, trials, and efforts in Hawaii and other jurisdictions relevant to the basic economic security working group; and
- (5) Seek out partnerships to publish or fund relevant trials or studies to evaluate options;

The College and UHERO support study and research into the future economic health and stability of Hawai'i and are willing to participate in the working group, but not without faculty resources to do so. UHERO's (3.5 FTE) faculty have very full research agendas,

and already voluntarily serve on state committees and commissions. For example, UHERO's director Carl Bonham has served on the State Council on Revenues for almost two decades, and Dr. Kimberly Burnett serves as the UH representative on the state Endangered Species Recovery Committee. These are just a few examples of UHERO faculty contributing their expertise to address issues of critical importance to the state. Given UHERO's extremely limited faculty resources, adding another important working group assignment will negatively impact other areas of research and service that are vital to the state.



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the Senate Committee on Ways and Means
Friday, April 21, 2017 at 9:35 A.M.
Conference Room 211, State Capitol**

**RE: HOUSE CONCURRENT RESOLUTION 89 REQUESTING THE
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS AND
THE DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT
AND TOURISM TO CONVENE A BASIC ECONOMIC SECURITY
WORKING GROUP.**

Chair Tokuda, Vice Chair Dela Cruz, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HCR 89, which requests that the Department of Labor and Industrial Relations and the Department of Business, Economic Development and Tourism convene a basic economic security working group.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ 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.

This resolution would create the means for DLIR and DBEDT and the members of this working group to provide the state with much-needed direction and a foundation of ideas that can help leaders in both the public and private sectors identify new opportunities for steady economic growth beyond a tourism base. We support the intent of this resolution because it provides a way to stay ahead of the constant change that is necessary to maintain a vibrant economy. We would ask that the Chamber be considered to sit on the working group.

Thank you for the opportunity to testify.



LATE

Eric W. Gill, Financial Secretary-Treasurer

Gemma G. Weinstein, President

Godfrey Maeshiro, Senior Vice-President

Thursday, April 20, 2017

Senate Committee on Ways & Means
Hawaii State Legislature
State Capitol
415 South Beretania Street

Re: HCR 89

Aloha Chair Tokuda, Vice Chair Dela Cruz and Members:

UNITE HERE Local 5 – a local labor organization representing 11,000 hotel, health care and food service workers throughout Hawaii would like to register our support for HCR 89.

HCR 89 would convene a working group to look at the long-term economic security of our State.

Our union is an organization whose mission, role and existence is founded on the solidarity and concerted activity of our members. Our most fundamental task is to build unity and common purpose, and to do so we must also have the courage to speak out on issues that affect all our working families.

It is a shame that Hawai'i's residents in poverty pay more in state taxes than all but three other states, yet our cost of living is the highest in the nation. Hawai'i can do better. One of the most profitable industries to have taken root in our islands continues to see record number of visitors and profit levels, yet we are losing hundreds and hundreds of good local jobs. Hawai'i can do better, and we can start by ensuring that we don't tax those families who are barely getting by as it stands.

We ask for your support in passing HCR 89.

Thank you.

IBEW1260

‘A‘OHE HANA NUI KE ALU ‘IA

LATE

April 21, 2017

The Twenty-Ninth Legislature, State of Hawaii
Hawaii State Senate
Committee on Ways and Means

HCR89

Chairs Tokuda, Vice Chair Dela Cruz and Members of the Committee,

The International Brotherhood of Electrical Workers Local Union 1260, AFL-CIO (IBEW1260), represents more than 3500 members, working throughout the State of Hawaii and respectfully offers the following testimony in **STRONG SUPPORT** of House Concurrent Resolution 89 (HCR89).

For years, the idea of jobs being lost to technological advances was nothing more than science fiction found in novels, comic books and movies. However, today we are watching technology increase at an impressive rate, impacting the way we live, work and play. In the utility industry alone, where nearly 1500 IBEW1260 members are employed locally, hundreds of jobs are being impacted by advances in renewable energy technology. Plant's that require fifteen operators and as many maintenance workers are being replaced by commercial solar farms requiring minimal manpower for operations and maintenance. To be clear, we are not Twenty-First Century Luddites afraid of innovation. Rather, we embrace progress and seek any opportunity to change with our respective industries, for the benefit of our membership and community.

President John F. Kennedy, during the dawn of computers and robots entering the workplace, declared that the major domestic challenge of the 1960s was to "maintain full employment at a time when automation... is replacing men." It is in this spirit that IBEW1260, with the understanding that jobs will not only transform but be lost, ask the Committee to support HCR89 ensuring that as these changes come about, so too will we be armed with well-developed policy designed to ensure economic sustainability for the people of Hawaii.

Mahalo for the opportunity to testify on this issue.

Respectfully,



Michael M. Brittain
Asst. Business Manager
IBEW1260 / AFL-CIO



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808 543 0011 • Fax: 808.528.0922

LATE

The Twenty-Ninth Legislature, State of Hawaii
The Senate
Committee on Ways and Means

Testimony by
Hawaii Government Employees Association

April 21, 2017

H.C. R. 89 - REQUESTING THE DEPARTMENT OF
LABOR AND INDUSTRIAL RELATIONS
AND THE DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT, AND TOURISM
TO CONVENE A BASIC ECONOMIC
SECURITY WORKING GROUP

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the intent of H.C.R. 89 which establishes the Hawaii Economic Security Working Group within the Department of Business, Economic Development and Tourism to make recommendations on Hawaii's economic health and stability. H.C.R. 89 takes the first necessary step toward considering the long term implications that globalization and increasing automation will have on local jobs and our economy.

Hawaii's high cost of living coupled with the exponential growth of innovative technologies have already begun to reshape our economy across all sectors and have contributed to financial challenges for many families earning less than a living wage. Now is an appropriate time to examine and ensure a viable financial path forward for workers whose industries may be evolving. We must ensure a future in which everyone will have access to financial prosperity.

Thank you for the opportunity to testify in support of H.C.R. 89.

Respectfully submitted,

Randy Perreira
Executive Director



Randy Perreira
President

HAWAII STATE AFL-CIO

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LATE

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The Twenty-Ninth Legislature, State of Hawaii
Hawaii State Senate
Committee on Ways and Means

Testimony by
Hawaii State AFL-CIO
April 21, 2017

H.C.R 89 – ECONOMIC SECURITY
WORKING GROUP

The Hawaii State AFL-CIO supports H.C.R. 89 which requests the Department of Labor and Industrial Relations and the Department of Business, Economic Development and Tourism to convene a basic economic security working group.

Hawaii's cost of living continues to rise yet wages remain stagnant or significantly below a living wage needed to survive in the State of Hawaii. Establishing a basic economic security working group will help determine the path needed to ensure workers are provided a living wage and financial security in the State of Hawaii.

Thank you for the opportunity to testify.

Respectfully submitted,

Randy Perreira
President