

Honolulu, Hawaii
February 16, 2018

RE: H.B. No. 2598
H.D. 1

Honorable Scott K. Saiki
Speaker, House of Representatives
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2598 entitled:

"A BILL FOR AN ACT RELATING TO FAMILY LEAVE,"

begs leave to report as follows:

The purpose of this measure is to lay the groundwork to implement a framework of laws and policies for paid family leave so that all employees may access leave benefits during times when they need to provide care for a family member.

Specifically, this bill, as received by your Committee:

- (1) Establishes the Paid Family Leave Implementation Task Force (Task Force) to develop an analysis and implementation plan for providing workers with family leave insurance benefits during times when a worker is required to take leave to care for a family member;
- (2) Establishes the Paid Family Leave Special Fund (Special Fund) to carry out the purposes of this measure;
- (3) Requires the Task Force to report findings and recommendations to the Legislature; and



- (4) Appropriates \$1,500,000 for fiscal year 2018-2019 from the general fund to the Special Fund for one full-time program manager to support the Task Force and the Department of Labor and Industrial Relations (DLIR) in establishing paid family leave for all workers by January 1, 2023.

For the purpose of facilitating public input, your Committee circulated a Proposed Draft of H.B. No. 2598, H.D. 1 (Proposed Draft) prior to holding a public hearing on February 6, 2018, on this measure. The Proposed Draft circulated by your Committee is substantially similar to H.B. No. 2598, with the following exceptions:

- (1) The Proposed Draft establishes a Paid Family Leave Implementation Board (Board) with additional members, rather than a task force;
- (2) The Proposed Draft requires all Executive Branch departments and agencies to assist with data collection and sharing; and
- (3) The Proposed Draft requires the Board to consider progressive wage replacement and job protection.

Your Committee received testimony on H.B. No. 2598, as received by your Committee, as follows: The Hawaii State Commission on the Status of Women; International Brotherhood of Electrical Workers Local Union 1260, AFL-CIO; Hawaii State AFL-CIO; League of Women Voters of Hawaii; Oahu County Committee on Legislative Priorities of the Democratic Party of Hawaii; and several individuals testified in support. Quicksilver Charters, Calypso Charters, and Society for Human Resource Management-Hawaii Chapter opposed the measure. The American Association of University Women-Hawaii and Hawaii Food Industry Association provided comments.

Your Committee received testimony on the Proposed Draft, as follows: Americans for Democratic Action; Hawaii Appleseed Center for Law & Economic Justice; Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; YWCA Oahu; and ILWU Local 142 testified in support of the Proposed Draft. DLIR, Department of Human Services, Hawaii State Teachers Association, IMUAlliance, and Pono Hawai'i Initiative testified in support of the intent of



Proposed Draft. The Chamber of Commerce Hawaii opposed this measure. The Department of Budget and Finance, General Contractors Association, Hawaii Children's Action Network, American Council of Engineering Companies of Hawaii, and an individual provided comments on the Proposed Draft.

Upon careful consideration, your Committee has amended this measure by adopting the language contained in the Proposed Draft and further amending it as follows:

- (1) Establishing paid family leave coverage for all workers that includes an unspecified minimum number of weeks of paid leave for employees, a system of progressive wage replacement, and job protection to ensure utilization of paid family leave does not adversely affect employment;
- (2) Authorizing the deposit of employer and employee contributions into the Special Fund;
- (3) Prohibiting reversion of moneys deposited into the Special Fund and the interest earned to the unrestricted general fund balance at any time;
- (4) Specifying the content of interim rules to be adopted by the DLIR and specifying that the interim rules shall remain in effect until July 1, 2022;
- (5) Requiring the Paid Family Leave Program to begin collecting payments from employers and employees by July 1, 2021, and begin processing payments by July 1, 2022;
- (6) Amending the composition of the Board's membership;
- (7) Requiring the Legislative Reference Bureau (LRB) to conduct a study including an actuarial analysis of items included in the Board's study;
- (8) Specifying that the Board's report and LRB's study shall include a multi-year budget, rather than a five-year budget, for establishing a paid family leave insurance program and shall include a review of other state leave and Temporary Disability Insurance (TDI) models and review of TDI insurance usage;



- (9) Appropriating additional funds for the LRB study and authorizing LRB to contract for services to complete the study; and
- (10) Making technical, nonsubstantive amendments for clarity, consistency, and style.

Your Committee contemplated a minimum of 16 weeks of paid family leave for qualified employees under this measure; however, your Committee recognizes that the amount of paid family leave afforded to an employee merits further discussion.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2598, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2598, H.D. 1, and be referred to your Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



AARON LING JOHANSON, Chair



