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March 14, 2017

To: The Honorable Gilbert S.C. Keith-Agaran, Chair,  
The Honorable Karl Rhoads, Vice Chair, and  
Members of the Senate Committee on Judiciary and Labor

Date: Tuesday, March 14, 2017  
Time: 9:00 a.m.  
Place: Conference Room 016, State Capitol

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

**Re: H.B. No. 1208 HD2**  
**Relating to the Department of Labor and Industrial Relations**

**I. OVERVIEW OF PROPOSED LEGISLATION**

This proposal seeks to appropriate funds for an unspecified number of full-time equivalent enforcement specialist IV positions to be primarily responsible for the enforcement of Hawaii's Workers' Compensation (WC), Temporary Disability Insurance (TDI), and Prepaid Health Care (PHC) laws.

The Department supports this measure that will help restore the enforcement capability to the division so long as its passage does not adversely impact the priorities identified in the Governor's Executive Budget Request.

**II. CURRENT LAW**

DLIR's Disability Compensation Division (DCD) is responsible for providing economic security and stability for Hawaii's workforce through education, enforcement, and adjudication of the WC, TDI, and PHC laws. To this end, the division's statewide enforcement section of eight enforcement specialists (five in Honolulu, one in Kauai, one in Hilo, and one in Maui) is tasked with ensuring that the 32,000 employers across the state are in compliance with the WC, TDI, and PHC requirements.

DCD has had great difficulty meeting this requirement after losing six of 13

positions, 47% of staffing, since FY 2009 because of the state's financial difficulties. For FY 2017, the legislature authorized one enforcement specialist for Kauai with funding beginning on January 1, 2017. That position was filled on January 1, 2017, and the specialist is being trained and will soon contribute to the decline in employer non-compliance on Kauai. Unfortunately, the Kona district remains without an enforcement specialist since the incumbent retired and the position was abolished in FY 2012, while the Maui office enforcement efforts have been operating at 50% capacity since losing its second investigator to the Reduction in Force in 2009.

### **III. COMMENTS ON THE HOUSE BILL**

DLIR supports this measure to increase its enforcement staff that will improve the division's quality and timeliness of services to the public, so long as its passage does not adversely impact the priorities identified in the Governor's Executive Budget Request.

The Department recommends that funding for two (2) full-time equivalent enforcement specialist positions be appropriated in FY 2017-18 and FY2018 -19.

If this bill is enacted, DCD will establish one enforcement specialist position in Kona and one position in Honolulu.

The estimated cost to fund the two positions is \$112,078. The cost breakdown is as follows:

• Salary 2x \$50,772	\$101,544
• Current Expenses	\$1,034
• Equipment	\$9,500

The Twenty-Ninth Legislature  
Regular Session of 2017

STATE SENATE

Committee on Judiciary and Labor

Senator Gilbert S.C. Keith-Agaran, Chair

Senator Karl Rhoads, Vice Chair

State Capitol, Conference Room 016

Tuesday, March 14, 2017; 9:00 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 1208 HD 2  
RELATING TO THE DEPARTMENT OF LABOR  
AND INDUSTRIAL RELATIONS**

The ILWU Local 142 supports H.B. 1208 HD 2, which originally provided funds for two full time equivalent (2.00 FTE) enforcement specialists IV positions to be primarily responsible for the enforcement of Hawaii's workers' compensation, temporary disability insurance, and prepaid health care laws. HD 2 changes the authorization of two positions to an unspecified number of positions to perform the same responsibilities.

The Disability Compensation Division has been short-staffed for several years. The Division's primary objectives include ensuring the efficient processing of claims, the timely provision of medical services, payment of benefits to injured workers, and employer compliance with workers' compensation, temporary disability insurance, and prepaid healthcare laws.

The Department of Labor and Industrial Relations has lost up to 32% of its staff in the past several years, and has been attempting to rebuild its staff. The reinstatement and funding for the positions sought by the division is essential to investigate the large number of delinquent employers failing to secure and provide workers' compensation, temporary disability insurance, and prepaid health care protections to their employees.

These delinquent employers expose the workers' compensation special compensation fund, the temporary disability insurance special fund, and the prepaid health care premium supplementation fund to greater risks of having to pay benefits to workers of these delinquent employers. This in turn, increases the costs of these three statutory programs. H.B. 1208 HD 2 will help directly address this concern and support compliance with the law by all Hawaii employers.

The ILWU urges passage of H.B. 1208 HD 2. Thank you for the opportunity to provide testimony on this matter.



## TESTIMONY OF ALISON UEOKA

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COMMITTEE ON JUDICIARY AND LABOR  
Senator Gilbert S.C. Keith-Agaran, Chair  
Senator Karl Rhoads, Vice Chair

Tuesday, March 14, 2017  
9:00 a.m.

### **HB 1208, HD2**

Chair Keith-Agaran, Vice Chair Rhoads, and members of the Committee on Judiciary and Labor, my name is Alison Ueoka, President of the Hawaii Insurers Council. The Hawaii Insurers Council is a non-profit trade association of property and casualty insurance companies licensed to do business in Hawaii. Member companies underwrite approximately forty percent of all property and casualty insurance premiums in the state.

The Hawaii Insurers Council **supports** this bill as we believe the Department of Labor and Industrial Relations has broad duties and cuts to their staffing has affected their ability to adequately enforce what is in their purview.

We believe an appropriation for two Enforcement Specialist IV positions is appropriate and we urge this committee to pass this bill.

Thank you for the opportunity to testify.

**From:** [mailinglist@capitol.hawaii.gov](mailto:mailinglist@capitol.hawaii.gov)  
**To:** [JDLTestimony](#)  
**Cc:**  
**Subject:** \*Submitted testimony for HB1208 on Mar 14, 2017 09:00AM\*  
**Date:** Monday, March 13, 2017 11:10:36 AM

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**HB1208**

Submitted on: 3/13/2017

Testimony for JDL on Mar 14, 2017 09:00AM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jeffrey Masatsugu	Carpet Linoleum and Soft Tile Local Union 1926 Market Recovery Trust Fund	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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Chamber of Commerce HAWAII  
*The Voice of Business*

**Testimony to the Senate Committee on Judiciary and Labor  
Tuesday, March 14, 2017 at 9:00 A.M.  
Conference Room 016, State Capitol**

**RE: HOUSE BILL 1208 HD2 RELATING TO THE DEPARTMENT OF LABOR AND  
INDUSTRIAL RELATIONS**

Chair Keith-Agaran, Vice Chair Rhoads, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports** HB 1208 HD2, which appropriates funds for full-time equivalent (FTE) enforcement specialist IV positions to be primarily responsible for the enforcement of Hawaii's workers' compensation, temporary disability insurance, and prepaid health care laws.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ 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.

We support these resources being added to the department to provide equal and fair enforcement of existing laws and regulations. These additional resources will ensure a fair playing field for all business.

Thank you for the opportunity to testify.

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**Subject:** \*Submitted testimony for HB1208 on Mar 14, 2017 09:00AM\*  
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**HB1208**

Submitted on: 3/13/2017

Testimony for JDL on Mar 14, 2017 09:00AM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jeffrey Masatsugu	Hawaii Glaziers Architectural Metal Glassworkers Local Union1889 AFL-CIO Stabilization Trust Fund	Support	No

Comments:

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Testimony of  
Christopher Delaunay, Government Relations Manager  
Pacific Resource Partnership

Senate Committee on Judiciary and Labor  
Senator Gilbert S.C. Keith-Agaran, Chair  
Senator Karl Rhoads, Vice Chair

HB 1208, HD2 – Relating to the Department of Labor and Industrial Relations  
Tuesday, March 14, 2017  
9:00 A.M.  
State Capitol – Room 016

Aloha Chair Keith-Agaran, Vice Chair Rhoads, and Members of the Committee:

PRP **supports** HB 1208, HD2, relating to the Department of Labor and Industrial Relations (DLIR), which appropriates funds for enforcement specialist IV positions to be primarily responsible for the enforcement of Hawaii's workers' compensation, temporary disability insurance, and prepaid health care laws. We respectfully request that funds be appropriated for 2 full-time equivalent (FTE) enforcement specialist IV positions.

PRP has been extremely concerned by the increasing problem of unscrupulous employers not following laws designed to protect the health and safety of Hawaii's workers. PRP supports this effort to strengthen the DLIR's enforcement capabilities to ensure that the department is fully equipped to punish bad actors who ignore these laws.

According to the State of Hawaii DLIR's Annual Report 2012, the division lost thirty-two percent of its staff between 2009 and 2012. The cut in positions adversely affected the division's ability to effectively protect the economic and medical security of the working public for whom workers' compensation, temporary disability insurance, and prepaid health care laws were intended to provide. Reinstating a couple of the positions would help curb the work of unscrupulous employers who are in violation of Hawaii's workers' compensation, temporary disability insurance, and prepaid health care laws and who are profiting at the expense of employers and employees who follow the law.

Thank you for allowing us to share our views and we respectfully request your support in moving HB 1208, HD2 forward.



**(Continued From Page 1)**

About PRP

*Pacific Resource Partnership (PRP) is a not-for-profit organization that represents the Hawaii Regional Council of Carpenters, the largest construction union in the state, and more than 240 of Hawaii's top contractors. Through this unique partnership, PRP has become an influential voice for responsible construction and an advocate for creating a stronger, more sustainable Hawaii in a way that promotes a vibrant economy, creates jobs and enhances the quality of life for all residents.*

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**HB1208**

Submitted on: 3/13/2017

Testimony for JDL on Mar 14, 2017 09:00AM in Conference Room 016

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Jeffrey Masatsugu	Painting Industry of Hawaii Labor Management Cooperation Trust Fund	Support	No

Comments:

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