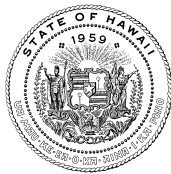


DAVID Y. IGE  
GOVERNOR



LAUREL A. JOHNSTON  
ACTING DIRECTOR

EMPLOYEES' RETIREMENT SYSTEM  
HAWAII EMPLOYER-UNION HEALTH BENEFITS TRUST FUND  
OFFICE OF THE PUBLIC DEFENDER

**STATE OF HAWAII  
DEPARTMENT OF BUDGET AND FINANCE**

P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

ADMINISTRATIVE AND RESEARCH OFFICE  
BUDGET, PROGRAM PLANNING AND  
MANAGEMENT DIVISION  
FINANCIAL ADMINISTRATION DIVISION  
OFFICE OF FEDERAL AWARDS MANAGEMENT (OFAM)

**WRITTEN ONLY**

TESTIMONY BY LAUREL A. JOHNSTON  
ACTING DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT  
ON  
HOUSE BILL NO. 1867, HOUSE BILL NO. 2136 AND  
HOUSE BILL NO. 2598, PROPOSED H.D. 1

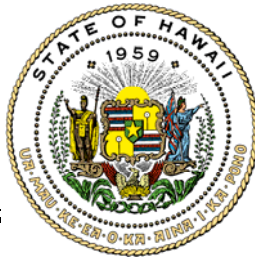
**February 6, 2018  
8:30 a.m.  
Room 309**

HOUSE BILL NO. 1867, RELATING TO FAMILY AND MEDICAL LEAVE  
HOUSE BILL NO. 2136, RELATING TO FAMILY LEAVE  
HOUSE BILL NO. 2598, PROPOSED H.D. 1, RELATING TO FAMILY LEAVE

House Bill No. 1867, House Bill No. 2136, and House Bill No. 2598, Proposed H.D. 1, propose different approaches to implement a paid family leave system in the State.

Because of the impact to employers and employees in the State, the Department of Budget and Finance strongly recommends before any statutory measures are enacted that the State have a clear understanding of the issues and costs related to implementing a mandated paid leave system. For this reason, we urge the Legislature to have the Office of the Auditor or the Legislative Reference Bureau conduct a thorough study on the paid family leave system proposed in these bills to identify issues and costs.

Thank you for your consideration of our comments.



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HOUSE COMMITTEE ON LABOR & PUBLIC EMPLOYMENT  
The Honorable Aaron Ling Johanson, Chair  
The Honorable Daniel Holt, Vice Chair

**H.B. NO. 1867, RELATING TO FAMILY AND MEDICAL LEAVE**

Hearing: Tuesday, February 6, 2018, 8:30 a.m.

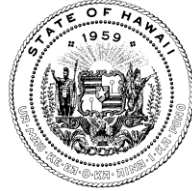
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The Office of the Auditor has **no position** regarding H.B. No. 1867, which establishes the Paid Family and Medical Leave Program (“Program”) and creates a family leave data collection system. **However, we have concerns about our ability to conduct the work required by H.B. No. 1867.**

H.B. No. 1867 requires our office to “be provided access to the [family and medical leave data collection system] and [] prepare annual reports to the legislature, the department, and the University of Hawaii center on aging.” This type of annual review and reporting is outside of the typical performance or financial audits we perform under our duties and authority under Hawai‘i Revised Statutes, Chapter 23. Typically, these types of reports are prepared by the department that manages the respective program.

We further believe that a performance audit of the Family and Medical Leave Program is premature. We suggest that the Legislature allow the Department of Labor and Industrial Relations to implement the Program. After the Program has been established, we can provide a more meaningful assessment of the oversight and implementation of the data collection system or other aspects of the Program.

Thank you for considering our testimony related to H.B. No. 1867.



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

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HONOLULU, HAWAII 96813

[www.labor.hawaii.gov](http://www.labor.hawaii.gov)

Phone: (808) 586-8844 / Fax: (808) 586-9099

Email: [dlir.director@hawaii.gov](mailto:dlir.director@hawaii.gov)

February 6, 2018

To: The Honorable Aaron Ling Johanson, Chair,  
The Honorable Daniel Holt, Vice Chair, and  
Members of the House Committee on Labor & Public Employment

Date: Tuesday, February 6, 2018  
Time: 8:30 a.m.  
Place: Conference Room 309, State Capitol

From: Leonard Hoshijo, Acting Director  
Department of Labor and Industrial Relations (DLIR)

**RE: H.B. NO. 1867 RELATING TO FAMILY AND MEDICAL LEAVE ACT**

**I. OVERVIEW OF PROPOSED LEGISLATION**

This proposal adds a new chapter to the Hawaii Revised Statutes (HRS) that establishes a paid family and medical leave program to be administered by DLIR, and repeals the Temporary Disability Insurance (TDI) law, Chapter 392, HRS and the Hawaii Family Leave Law (HFLL), Chapter 398, HRS.

The Department opposes the measure that repeals TDI and HFLL and would require significant resources to properly implement. Washington State has a similar law that was funded with an \$82,000,000 appropriation. Washington estimates it will spend between \$30,000,000 and \$50,000,000 on IT costs and eventually require 150 staff.

**II. CURRENT LAW**

Chapter 392, HRS requires covered employers to provide Temporary Disability Insurance (TDI) coverage to eligible employees. After serving an unpaid waiting period, the employee can receive a wage replacement payment for the remaining period of the employee's own disability. The statute does not offer job protection.

Chapter 398, HRS (HFLL) provides four weeks of unpaid, protected leave for employees of employers with 100 or more employees, on the birth or adoption of a child or to care for a family member who is seriously ill. Unlike the federal Family and

Medical Leave Act, the HFLL does not allow employees to take leave for their own serious health conditions.

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

The TDI law was enacted in 1969, providing partial wage replacement to employees disabled for non-work related reasons. Coverage is primarily provided, and benefits paid, by private insurance companies. A TDI Trust Fund provides benefits to certain employees who become disabled while receiving unemployment benefits and for eligible employees whose employer is non-compliant or bankrupt. The TDI Trust Fund was established using employer contributions for six months before benefits payments began. Penalties paid by employers also go into the fund. No additional assessments have been required.

The TDI program has been very efficient and effective since inception. Currently, approximately nineteen positions in the Department work directly on the TDI program. Staff members ensure employer and insurer compliance, answer questions, address complaints, adjudicate appeals, maintain a database of employer coverage, review denial of claims, review plans for approval, process claims of unemployed claimants, and oversee the TDI program. None of these positions work exclusively for the TDI program.

Repealing TDI would greatly increase the necessary staffing requirements since the Department would need to replicate the operations of a private insurer, in addition to the other functions outlined in the measure, the costs of which are discussed above. DLIR notes the measure contains neither an appropriation or clear effective date.

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Phone: 808-833-1681 FAX: 839-4167  
Email: [info@gcahawaii.org](mailto:info@gcahawaii.org)  
Website: [www.gcahawaii.org](http://www.gcahawaii.org)



# GCA of Hawaii

GENERAL CONTRACTORS ASSOCIATION OF HAWAII

Quality People. Quality Projects.

Uploaded via Capitol Website

TO: HONORABLE AARON JOHANSON, CHAIR, HONORABLE DANIEL HOLT, VICE CHAIR AND MEMBERS OF THE HOUSE COMMITTEE ON LABOR

SUBJECT: **COMMENTS AND CONCERNS REGARDING H.B. 1867, RELATING TO FAMILY AND MEDICAL LEAVE.** Establishes the Paid Family and Medical Leave Program. Creates fund.

### HEARING

DATE: February 6, 2018  
TIME: 8:30 a.m.  
PLACE: Conference Room 309

Dear Chair Johanson, Vice Chair Holt and Committee Members,

The General Contractors Association (GCA) is an organization comprised of over 500 general contractors, subcontractors, and construction related firms. The GCA was established in 1932 and is the largest construction association in the State of Hawaii. GCA's mission is to represent its members in all matters related to the construction industry, while improving the quality of construction and protecting the public interest.

**H.B 1867 proposes, among other things, to establish a system of family and medical leave insurance in the State for both public and private employees and includes the establishment of an Advisory Committee to review issues and topics of interested related to family and medical leave.** While GCA appreciates the intent of this bill it has concerns about the implementation of such mandate and how it may affect businesses.

It is evident that businesses, even in Hawaii, are turning more and more to technology to replace the traditional employee, partly due to the increased costs associated with employee mandated benefits which make doing business more expensive and more burdensome to the end consumer. GCA requests this Committee to take those instances into consideration before adding more employee mandated benefits to the law.

H.B. 1867 defines "family leave" – as leave taken by an employee from work for care of a family member or one's child during the first twelve months or as defined under the federal Family and Medical Leave Act. Further it defines "medical leave" as taken by an employee from work made necessary by one's own health condition. This bill proposes that an employer would pay into a department fund to allow for payments to an employee during the leave period, with a formula to determine what the payments to the employee may be depending on firm size. Further the bill requires that the employee's position be held until the person is able to return to work. Employer requirements include keeping records at business of record for six years which shall be open to the director for inspection at all times. While the bill has exceptions for employers with less than 25

employees, the requirements for employers may still be burdensome. Part IV of the bill includes voluntary plans which may preclude an employer from participating in the program, however it still requires approval by the Department, which could be interpreted differently depending on the Administration.

While GCA understands the intent of this measure, it proposes a mandate that could potentially impact the ability for a small business to operate and even hire employees. This bill may not be necessary for the construction industry who for the most part provide their employees with a sufficient wage and benefits package including vacation, medical, health and welfare and other incentives for retention purposes. Pay for absences due to illness are required under the Temporary Disability Insurance law. Further many employers provide family and medical leave benefits over and above the statutory requirement as an additional benefit. The proposed language in H.B. 1867 creates an entire new system of mandating employers to provide family and medical leave benefits that could have a negative impact on businesses statewide and force some to let go of employees because of the inability to provide such a benefit.

GCA would prefer the Committee consider H.B. 2598, Proposed HD1 over adoption of this measure because it would allow both employers and employees to further study the matter and compare a medical or family leave program with other states and the federal government. Contractors that do business on federal projects are attempting to comply with the Federal mandates on family and medical leave and if anything request that the policies at the very minimum align with any federal mandates on this matter.

Please defer this measure and pass H.B. 2598, Proposed HD1 in its place. Thank you for the opportunity to share our comments.



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facebook.com/AARPHawaii

House of Representatives  
Committee on Labor & Public Employment  
Tuesday, February 6, 2018  
8:30 a.m.  
Conference Room 309

To: Representative Aaron Ling Johanson, Chair  
Re: H.B. No. 1867, Relating to Family and Medical Leave  
H.B. No. 2136, Relating to Family Leave  
H.B. No. 2598, Proposed H.D. 1, Relating to Family Leave

Dear Chair Johanson, Vice-Chair Holt and Members of the Committee,

My name is Kerry M. Komatsubara and I am the Advocacy Director for AARP Hawaii. AARP is a membership organization of people age fifty and over with about 150,000 members in Hawaii. AARP advocates for issues that matter to Hawaii families and we strive to serve as a reliable information source on issues critical to people over the age of fifty.

### **The Need for Paid Family Leave**

Family caregivers are the backbone of Hawaii's long term care system. They are the first line of assistance for most people, helping to make it possible for older adults and people with disabilities to remain at home, and out of costly, taxpayer-funded institutions like nursing homes.

Working family caregivers have varying leave needs. Whether they work full time or part time, they must often divert attention away from their jobs to make work-related adjustments to accommodate the needs of the person who needs care. The vast majority (74 percent) of family caregivers have worked at a paying job at some point during their caregiving experience, and most (58 percent) are currently employed either full-time or part-time, setting up a stressful juggling act between work, their caregiving role, and other family responsibilities. And when work requirements conflict with family obligations, some employed family caregivers have to make difficult decisions that can lead to lost wages and missed career opportunities.

The practical reality is that many workers in Hawaii, struggling to make ends meet from paycheck to paycheck, simply cannot afford to take unpaid leave. We support paid family leave in Hawaii because we believe family caregivers should not have to choose between taking care of mom or dad, or losing a paycheck, or even risk losing their job.

### **Arriving at a Workable Program**

AARP Hawaii supports the concept of paid family leave in Hawaii, however, we are not in a position to support any specific legislation on the topic at this time. Although H.B. Nos. 1867, 2136 and 2598 (Proposed H.D. 1) present thoughtful and genuine approaches to provide individuals and families

Real Possibilities

with the benefits of a family leave program, we believe that further discussion is necessary. AARP Hawaii will continue to participate in the effort to arrive at a workable program for paid family leave.

Thank you for the opportunity to present this testimony on H.B. Nos. 1867, 2136 and 2598 (Proposed H.D. 1).



# TAX FOUNDATION OF HAWAII

126 Queen Street, Suite 304

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: MISCELLANEOUS, Family and Medical Leave Insurance Program

BILL NUMBER: HB 1867; SB 3047 (Identical)

INTRODUCED BY: HB by TAKUMI; SB by KOUCHI by request, TOKUDA

EXECUTIVE SUMMARY: Creates a paid family and medical leave benefit. The benefit is paid for by exactions that are required to be paid by employers and employees (through payroll deduction).

SYNOPSIS: Adds a new chapter to the HRS entitled “Hawaii Paid Family and Medical Leave.” Provides benefits to pay for paid family leave and paid medical leave.

Section -10 of the new chapter determines the amount of the benefits, which depend on the State average weekly wage and the employee’s average weekly wage at the time leave is taken.

Section -29 of the new chapter determines the total premium rate and requires each employer to collect from its employees the premiums and any surcharges and remit the amounts collected to DLIR. The section refers to an employer portion and employee portion, which do not appear to be further defined.

Section -12 of the new chapter specifies that the premiums are deposited into a newly created family and medical leave insurance fund. An appropriation by the legislature is required to fund administrative costs out of the fund, but payments in accordance with the benefits provided require no appropriation.

Section -13 of the new chapter creates a family and medical leave enforcement fund, into which is deposited any overpayments, penalties, or interest collected. The fund is to be used only for the purposes of administering and enforcing the chapter. Only the director may authorize expenditures from the fund; legislative appropriation shall not be required for expenditures.

Repeals chapters 392 and 398, HRS.

EFFECTIVE DATE: Upon its approval.

STAFF COMMENTS: This bill creates an entitlement program intended to benefit employees. It would be paid for by forced exactions from the employees, and perhaps voluntary exactions from non-covered employers (such as self-employed individuals) who desire coverage under the program.

The bill upsets the dynamics of the job marketplace. Employers normally have the right to bargain with employees, or compete in the job marketplace with respect to, terms and conditions of employment including whether and to what extent sick leave, family leave, or similar benefits are provided.

The bill creates a fund to pay these benefits, which from all indications could grow to be quite large. If the fund is left alone, an insurance program such as this might succeed; however, our legislature on several occasions in the past has succumbed to the urge to raid or tinker with large funds. Consider, for example, that the legislature often raided the ERS fund whenever it produced returns more than the assumed rate of return; as a result, it is now underfunded to the tune of more than ten billion dollars. Consider, also, the State unemployment insurance fund, which the legislature tinkered with in 2007; that depleted the fund enough so that when the Great Recession hit, the fund nearly went broke and had to be supplemented with borrowings from the federal government.

The bill also creates an enforcement fund that is designed to be expended with no legislative oversight whatsoever. When that happens, effectiveness of the programs funded becomes harder to ascertain. It is also difficult to determine whether the fund (or the departments involved) has too little or too much revenue. In addition, because the fund is fed by fines and penalties and creates positions that are funded by them, those whose jobs depend on the fines and penalties coming in can't be expected to be impartial about how they enforce the laws. We expect laws to be enforced evenly and fairly, and not by persons whose jobs depend on the penalties they bring in.

Digested 2/2/2018



February 6, 2018

To: Representative Aaron Ling Johanson, Chair  
Representative Daniel Holt, Vice Chair and  
Members of the Committee on Labor and Public Employment

From: Jeanne Y. Ohta, Co-Chair

RE: HB 1867 Relating to Family and Medical Leave  
Hearing: Tuesday, February 6, 2018, 8:30 a.m., Room 309

POSITION: Support with Amendments

The Hawai'i State Democratic Women's Caucus writes in support of HB 2018 Relating to Family and Medical Leave, requesting that the implementation time be shortened to two years, more family leave insurance advocates/experts be appointed to the task force, and assurance of the program being launched will have all of the necessary structural components included in SB2350/HB2136.

HSDWC prefers the passage of SB 2350 Relating to Family Leave and HB 2136 Relating to Family Leave.

The Hawai'i State Democratic Women's Caucus is a catalyst for progressive, social, economic, and political change through action on critical issues facing Hawaii's women and girls. Thank you for the opportunity to provide testimony.

**HB-1867**

Submitted on: 2/5/2018 8:27:30 AM

Testimony for LAB on 2/6/2018 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Melodie Aduja	OCC Legislative Priorities	Support	No

Comments:

**HB-1867**

Submitted on: 2/5/2018 9:07:56 AM

Testimony for LAB on 2/6/2018 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Zachary LaPrade	Quicksilver Charters	Oppose	Yes

Comments:



**Testimony to the House Committee on Labor & Public Employment  
Tuesday, February 6, 2018 at 8:30 A.M.  
Conference Room 016, State Capitol**

**RE: HOUSE BILL 1867 RELATING TO FAMILY LEAVE**

Chair Johanson, Vice Chair Holt, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **opposes** HB 1867, which establishes a family leave insurance program, requiring employees to make contributions into a trust fund to be used to provide employees with family leave insurance benefits to care for a designated person. Also appropriates funds to DLIR to implement the program.

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.

We appreciate and understand the intent of this bill to allow for paid leave in the workplace. At the same time, it places certain burdens on employers. It changes the amount of family leave from 4 weeks to 12 weeks which can be taken every twelve-month period. This triples the time an employer is required to let an employee leave work. This creates a huge burden for an employer to provide coverage for that employee not being at work. It also expands the definition of what qualifies under the leave provision. Lastly, we have concerns on the cost and management of the fund, and whether a shortage will lead to a future expanded employer tax.

We respectfully ask that this bill be deferred. Thank you for the opportunity to testify.



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#### **Executive Officers**

**Beau Oshiro**, C&S Wholesale Grocers, *Chair*  
**John Erickson**, Meadow Gold Dairies, *Immediate Past Chair*  
**Toby Taniguchi**, KTA Superstores, *Vice Chair*  
**Lauren Zirbel**, HFIA, *Executive Director*  
**Joe Carter**, Coca-Cola Bottling of Hawaii, *Secretary / Treasurer*  
**Stan Brown**, Acosta Sales & Marketing, *Advisor*  
**Paul Kosasa**, ABC Stores, *Advisor*  
**John Shilf**, Rainbow Sales & Marketing, *Advisor*  
**Barry Taniguchi**, KTA Superstores, *Advisor*  
**Derek Kurisu**, KTA Superstores, *Advisor*

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TO:  
Committee on Labor and Public Employment  
Rep. Aaron Ling Johanson, Chair  
Rep. Daniel Holt, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION  
Lauren Zirbel, Executive Director

DATE: Tuesday, February 6, 2018  
TIME: 8:30am  
PLACE: Conference Room 309

RE: HB 1867 Relating to Family and Medical Leave

Position: Oppose

The Hawaii Food Industry Association is comprised of two hundred member companies representing retailers, suppliers, producers, and distributors of food and beverage related products in the State of Hawaii.

Labor costs are a substantial percentage of business costs for grocery retailers, and any increase to these costs can have significant consequences for businesses like grocery stores which operate at profit margins of around 3% or less.

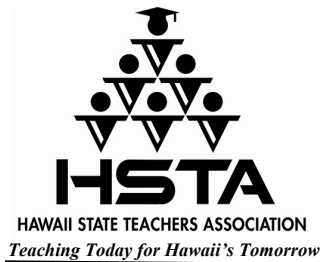
In the current labor market, with unemployment at the historically unprecedented level of 2%, there is strong incentive for employers to provide their employees with the most attractive compensation packages possible in order to hire and retain the most talented people. One form of compensation that many of our member businesses offer is paid leave. This is an expensive benefit for an employer to provide and is traditionally only offered to employees at certain levels in a company. For employees who have earned paid leave it is often flexible and they are free to use it for whatever purpose they choose.

It does not make financial sense for employers to offer paid leave to all employees as part of their compensation. Forcing employers to cover over half of the costs of medical leave for all the employees covered in this bill would cause a substantial increase in labor costs for Hawaii businesses. There would also be an increased financial burden on employers because of the

added administration, data collection and sharing, HR, and staffing requirements this bill would require. Unfortunately many businesses will not be able to absorb these costs without either cutting jobs or raising prices, or both.

Eliminating Hawaii jobs, and raising prices of Hawaii's food is not a benefit to Hawaii workers. For these reasons we ask that this measure be held.





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Corey Rosenlee  
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Wilbert Holck  
Executive Director

TESTIMONY BEFORE THE HOUSE COMMITTEE ON  
LABOR

RE: HB 1867 - RELATING TO FAMILY AND MEDICAL LEAVE

TUESDAY, FEBRUARY 6, 2018

COREY ROSENLEE, PRESIDENT  
HAWAII STATE TEACHERS ASSOCIATION

Chair Johanson and Members of the Committee:

The Hawaii State Teachers Association **supports HB 1867**, relating to family and medical leave.

Teachers are fortunate to be covered by a collective bargaining agreement that provides paid sick leave. Over 40 percent of Hawai'i's workforce, however, is not afforded the same benefit. As a result, workers are often required to choose between providing for their families by working while sick or enduring a loss of income to recuperate. Families also must decide whether or not to send sick children to school or stay home and lose a day of pay. For low-income families, this financial bind can mean the difference between providing food or going hungry. When children are forced to attend class while ill, moreover, contagions may spread to other students.

It's a chain reaction. Multiple families may be become infected. Entire classes may see their health and learning suffer. Providing paid sick leave that may be extended to family members will break the cycle of illness by allowing families to care for themselves, their children, and their kupuna without loss of pay. We also note that women are disproportionately harmed by the lack of family leave insurance. Inasmuch as women serve as primary caregivers for keiki and kupuna alike, the lack of paid family leave exacerbates the gender wage gap and the cycle of economic discrimination toward the women who comprise 59 percent of Hawai'i's workforce.

Sickness should not become a debt sentence. To better care for families living paycheck to paycheck, the Hawaii State Teachers Association asks your committee to **support** this bill.



Testimony to the  
House Committee on Labor & Public Employment  
February 6, 2018  
8:30 a.m.  
State Capitol - Conference Room 309

RE: HB 1867 Relating to Family and Medical Leave

Aloha Chair Johanson, Vice Chair Holt and members of the committee:

On behalf of the Society for Human Resource Management – Hawaii Chapter (“SHRM Hawaii”), we are writing in opposition to HB 1867, relating to family and medical leave. This bill establishes a paid family and medical leave program and creates a fund to support the program. SHRM Hawaii has a long-standing position in favor of workplace flexibility initiatives. We believe that proposals to establish paid leave requirements do not promote flexibility and that they have the potential to conflict with federal, state and local requirements and laws.

Human resource management professionals are responsible for the alignment of employees and employers to achieve organizational goals. HR professionals seek to balance the interests of employers and employees with the understanding that the success of each is mutually dependent. SHRM Hawaii represents more than 800 human resource professionals in the State of Hawaii. We look forward to contributing positively to the development of sound public policy and continuing to serve as a resource to the legislature on matters related to labor and employment laws.

Mahalo for the opportunity to testify.



**HB-1867**

Submitted on: 2/5/2018 2:45:35 PM

Testimony for LAB on 2/6/2018 8:30:00 AM

<b>Submitted By</b>	<b>Organization</b>	<b>Testifier Position</b>	<b>Present at Hearing</b>
Chris Kasper	Calypso Charters	Oppose	No

Comments:



46-063 Emepela Pl. #U101 Kaneohe, HI 96744 · (808) 679-7454 · Kris Coffield · Co-founder/Executive Director

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**TESTIMONY FOR HOUSE BILL 1867, RELATING TO FAMILY  
AND MEDICAL LEAVE**

**House Committee on Labor  
Hon. Aaron Ling Johanson, Chair  
Hon. Daniel Holt, Vice Chair**

**Tuesday, February 6, 2018, 8:30 AM  
State Capitol, Conference Room 309**

Honorable Chair Johanson and committee members:

I am Kris Coffield, representing IMUAlliance, a nonpartisan political advocacy organization that currently boasts over 400 members. On behalf of our members, we offer this testimony in support of House Bill 1867, relating to family and medical leave.

This measure would *finally* establish a family leave insurance program for Hawai'i's workers, with up to 16 weeks of paid time off to address family needs, including keiki and kupuna care. Once effectuated, family leave insurance should also provide progressive wage replacement, allowing low-income workers to receive a higher percentage of their weekly wages (ideally, up to 90 percent) to make the benefit accessible to everyone.

**Hawaii's workers need this benefit.** In a 2017 public poll, 62 percent of Hawaii respondents reported that they had wanted to take leave in the past in order to care for a new child or family member. Currently, Hawaii employees do not have a right to paid family leave. The federal Family Medical Leave Act (which leaves out 40 percent of the state's workforce) provides for unpaid leave with up to 12 weeks for employers with 50 or more employees. The Hawai'i Family Leave Law (HFLL) applies to employers with 100 or more employees and allows up to four weeks. This is also unpaid leave. Moreover, Hawai'i has the fastest growing aging population in the nation. Our senior (age 65+) population is expected to grow 81 percent by 2030. Approximately 247,000 Hawaii workers are caregivers for a family member.

**This program would help Hawaii's businesses.** Family leave insurance increases worker retention and loyalty. Workers who have access to family leave benefits are more likely to return to work after their leave is over. In a 10-year study of the California family leave insurance

program, businesses reported that family leave had either a positive or a neutral effect on their business. Small businesses were less likely than large businesses to report any negative effects.

**Providing paid time off for family caregiving strongly promotes gender equity.**

Women are often disproportionately impacted by the lack of paid leave, as they are the primary caregivers of infants, children, and aging parents. The lack of paid family leave exacerbates the gender wage gap for women and adversely impacts the economic stability of both male and female caregivers.

**We know this can work in Hawai'i.** Top experts in the area of family leave have studied the usage, cost, and feasibility of implementing a family leave insurance program for the islands. These studies collectively found that family leave insurance is a necessary and cost-effective way for workers to take adequate time off of work to care for their families without facing financial ruin or jeopardizing their careers.

We need a program that is affordable and designed to be revenue-neutral. The Institute for Women's Policy Research, which houses some of the nation's top experts on family leave, conducted an actuarial analysis using a simulation model to study the use and cost of family leave insurance for our state, which found that the annual cost to cover sixteen weeks of leave for a worker making \$48,000 would be roughly \$58—a little over one dollar per week to pay for invaluable financial security.

It's a stark reality when employees face the dire choices of needing to be able to care for newborn or sick children, spouses, or parents, while also needing to work to sustain their family's income. We must offer a smart, affordable solution that enables workers to take a small number of weeks out of the workforce and not have to choose between caring for their families or saving their jobs.

Mahalo for the opportunity to testify in support of this bill.

Sincerely,  
Kris Coffield  
*Executive Director*  
IMUAlliance



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February 6, 2018

**House Committee on Labor & Public Employment**

**Hearing Date: Tuesday, February 6, 2018 at 8:30 a.m., Conference Room 309**

**Subject: Comments to HB 1867, Relating to Family and Medical Leave**

Dear Chair Johanson, Vice Chair Holt, and Committee Members:

The American Council of Engineering Companies of Hawaii (ACECH) represents more than 65 engineering consulting firms with over 1,500 employees throughout Hawaii. ACECH member firms work directly for government agencies on a variety of building and infrastructure projects.

The purpose of HB 1867 is to establish a system of family and medical leave insurance that makes it possible for working individuals to take paid leave for family care and medical reasons.

All of our member firms already provide paid sick leave or paid time off (PTO) to their full-time staff and most extend paid leave benefit to their half-time staff, as part of a competitive compensation package.

The proposed insurance program would create significantly more administrative burden and overhead costs for employers to fulfill all the program's requirements.

Unlike many other employers, most of our member firms cannot pass these higher costs onto their customers because most of their work comes from State and County agencies that put a cap on our rates and historically do not recognize legislatively-imposed employment cost increases as a valid reason to increase our billing rates.

We also note that employers are already required by State law to pay for temporary disability insurance for workers with more than 14 weeks of Hawai'i employment.

For these reasons, we request to be included as a stakeholder in any discussion on this issue as it moves through the legislative and administrative process.

Respectfully submitted,  
AMERICAN COUNCIL OF ENGINEERING COMPANIES OF HAWAII