



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

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February 22, 2018

To: The Honorable Sylvia Luke, Chair,  
The Honorable Ty J.K. Cullen, Vice Chair, and  
Members of the House Committee on Finance

Date: Thursday, February 22, 2018

Time: 1:30 p.m.

Place: Conference Room 308, State Capitol

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

**Re: H.B. No. 2377 HD1 RELATING TO WORKERS' COMPENSATION**

**I. OVERVIEW OF PROPOSED LEGISLATION**

HB2377HD1 proposes to amend section 386-25, Hawaii Revised Statutes (HRS), subsection (e) to establish a hierarchy of options for injured workers who may be qualified for re-training. Section 2 of this bill proposes a housekeeping amendment to §386-71.5, and Section 3 changes the effective date to January 1, 2050.

DLIR supports this Departmental measure.

**II. CURRENT LAW**

Section 386-25, (HRS), states that the, "purposes of vocational rehabilitation are to restore an injured worker's earnings capacity as nearly as possible to that level that the worker was earning at the time of injury and to return the injured worker to suitable gainful employment in the active labor force as quickly as possible in a cost-effective manner."

**III. COMMENTS ON THE HOUSE BILL**

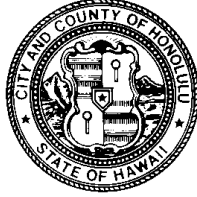
DLIR recognizes that restoring an injured worker to suitable gainful employment as quickly as possible in a cost-effective manner is challenging with Hawaii's limited labor market. The measure helps return the injured worker to a job as quickly as possible pursuant to the intent of vocational rehabilitation (VR) by establishing a job

placement hierarchy by prioritizing on-the-job and short-term training over long-term training and self-employment. DLIR is concerned with VR plans considering self-employment without the injured worker properly understanding what it takes to start or run a business as well as the time it takes to mature a business to receive comparable pre-injury earnings. Moreover, the Bureau of Labor Statistics' reports that a high percentage of small businesses fail within the first 2 years.

DEPARTMENT OF HUMAN RESOURCES  
**CITY AND COUNTY OF HONOLULU**

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ASSISTANT DIRECTOR

February 22, 2018

The Honorable Sylvia Luke, Chair  
The Honorable Ty J.K. Cullen, Vice Chair  
and Members of the Committee  
on Finance  
The House of Representatives  
State Capitol, Room 308  
415 South Beretania Street  
Honolulu, Hawaii 96813

Dear Chair Luke, Vice Chair Cullen, and Members of the Committee:

SUBJECT: House Bill No. 2377, H.D. 1  
Relating to Workers' Compensation

H.B. 2377, H.D. 1, establishes training options as part of vocational rehabilitation for injured employees when training for employment in another occupational field is required for the employee and as part of the employee's rehabilitation plan; and provides that all professional and clerical employees of the Department of Labor and Industrial Relations Rehabilitation (DLIR) Unit are to be administered by the DLIR Director.

The City and County of Honolulu, Department of Human Resources, fully supports this measure.

The City believes that the provisions of H.B. 2377, H.D. 1, are in full accord with one of the Hawaii Workers' Compensation Law's primary purposes for vocational rehabilitation (VR), set forth in Section 386-25, HRS, which is to "return the injured worker to suitable gainful employment in the active labor force as quickly as possible in a cost-effective manner." (Emphases added.) For the City's injured employees who are no longer able to return to City employment after six months in the City's Priority Placement Program, additional VR services may be necessary for them to return to the workforce. This bill would help to focus such VR services on returning the injured worker back to suitable gainful employment with the minimum amount of training required for their employment goal, particularly on the job training, which has a higher chance of resulting in employment with the employer providing the training.

Thank you for the opportunity to testify.

Sincerely,

Carolee C. Kubo  
Director