DAVID Y. IGE
GOVERNOR

PANKAJ BHANOT
DIRECTOR

CATHY BETTS
DEPUTY DIRECTOR

STATE OF HAWAII
DEPARTMENT OF HUMAN SERVICES
P. O. Box 339
Honolulu, Hawaii 96809-0339

February 3, 2020

TO: The Honorable Senator Brian T. Taniguchi, Chair
Senate Committee on Labor, Culture, and the Arts

FROM: Pankaj Bhanot, Director

SUBJECT: **SB 2941-Relating to Family Leave**

Hearing: February 4, 2020, 2:45 p.m.
Conference Room 224, State Capitol

DEPARTMENT'S POSITION: The Department of Human Services (DHS) supports this measure. DHS defers to the Department of Labor and Industrial Relations regarding implementation and the amount of the necessary appropriation.

PURPOSE: The purpose of this bill is to allow up to 16 weeks of partial wage replacement for employees who are providing care for family members.

In 2016, the Hawaii State Commission on the Status of Women (HSCSW), received a competitive grant from the United States Department of Labor (US DOL). The US DOL Paid Leave Analysis grant program was intended to support research and analysis needed to explore, develop, implement, and/or improve paid family and medical leave programs at the State and municipal levels. Through this grant, the HSCSW completed research in the following categories: economic analysis, eligibility, and benefit modeling; a feasibility and implementation study to carefully examine how a paid leave program could be successfully implemented on the state level; public polling of Hawaii residents; focus groups of mothers, fathers, family caregivers, unions, small businesses, and large businesses. The research was completed in September 2017 and provides a wealth of data on how successful and financially solvent paid leave programs can be implemented, using Hawaii-specific data and employee information.

Currently, 42% of employees in Hawaii's private sector lack access to even a single day of paid leave. Low wage workers are the least likely to have access to family leave, and hence, are more likely to miss out on critical time with newborns during their first weeks of life. DHS works with the most vulnerable and marginalized populations in our state and we have a vested interest in ensuring individuals are healthy, thriving, and economically secure.

DHS has undertaken a multi-generational approach through its implementation of 'Ohana Nui, recognizing that Hawaii has the highest percentage of multi-generational households, the highest cost of housing, one of the highest costs of living, and the fastest growing population of individuals aged 65 and older. Our economy is reliant on a female and older workforce, precipitating a need to ensure our work place policies are reflective of this demographic. Paid family leave is associated with better health outcomes for children and mothers; an increase in children receiving well-baby check-ups and vaccinations; increased bonding with children; and an increase in elderly individuals being able to age in place with family caregiver support. Research on current state paid leave programs reveal evidence that paid leave ensures fathers' ability to provide care for their families; increases mothers' labor force participation; and furthers a narrowing of the gender wage gap.

Paid leave benefits families, communities, and the economy. Thank you for the opportunity to provide supportive testimony on this measure.

‘O kēia ‘ōlelo hō’ike no ke
Komikina Kūlana Olakino o Nā Wāhine

Testimony on behalf of the
Hawaiʻi State Commission on the Status of Women
Khara Jabola-Carolus, Executive Director

Prepared for the Senate Committee on LCA

In Support of SB2491

February 4, 2020, at 2:45 p.m. in Room 224

Dear Chair Taniguchi, Vice Chair Ihara, and Honorable Members,

The Hawaiʻi State Commission on the Status of Women supports SB2491, which provides gender-inclusive paid family leave and extends the period of family leave to sixteen weeks for businesses that employ one or more employees who meet the hourly qualifications.

In November 2017, the Hawaiʻi State Commission on the Status of Women published the *Paid Family Leave Grant Analysis Report* (Grant Analysis) which was funded by a $240,000 grant from the U.S. Department of Labor. The report was a comprehensive feasibility and implementation study with economic analysis and actuarial to determine paid leave costs to the state. The report’s cost and usage estimates were based on Hawai`i numbers, as well as factors unique to Hawai`i such as our high cost of living, high number of multi-generational households, and semi-privatized temporary disability insurance (TDI) system.

Six months after the Grant Analysis was published, the Legislature directed the legislative reference bureau and appropriated $350,000 to conduct a sunrise analysis to lay the groundwork for the establishment of a paid family leave framework that would enable employees to access leave benefits during times when they need to provide care for a family member. On November 13, 2019, the Legislative Reference Bureau published the *Paid Family Leave Program Impact Study*, which included a comparative analysis of seven states that had enacted their own paid family and medical leave laws at the time of the request for the report.

Both studies concluded that sustainably-funded paid family leave is needed and affordable—the annual cost for 16 weeks of leave for a worker earning $48,000 would be $58. Unpaid family leave is not a realistic option in the event of a new child (biological, foster, or adopted), aging parent, or ailing loved one—58% of Americans have less than $1000 in savings.[1] A lack of savings coupled with Hawaiʻi's low wages and high cost of living means local families are unable to utilize unpaid family leave, in cases where it is even available to them. Paid family leave will help families and help the economy, because families are socially and economically strengthened when 1) family leave is provided by an employer and 2) that family leave is paid leave.

Paid family leave is also an equal pay issue, and necessary to correct gender inequality. Women are expected to caregive for all generations across their lifespan. Mothers are even less likely than other women to participate in waged labor. Unpaid family leave is a significant driver of the gender wage gap, and a policy that forces financial dependency of women on men and the state. This is a direct cause of vulnerabilities unique to women that can lead to domestic violence and even sex trafficking. Current policy pushes women to quit their jobs or work part-time in order to caregive or undertake extreme physical, mental and financial stress.

Now is the time to lead. Politically, paid family leave has strong support from both Republicans and Democrats. In general, Democrats propose a shared fund paid into by employers and workers, while Republicans favor a tax incentive to employers that pay employees for leave. President Donald Trump has expressed su for paid family leave in every joint address to Congress since his election. This week, President Trump will use his State of the Union address to push for congressional action to provide paid family leave for all workers. National momentum is building but dramatic disagreement about approaches to paid family leave means that Congress is unlikely to pass a national policy any time soon. The effort is up to states.[2]

Accordingly, the Commission requests that the Committee SB2491.

Sincerely,

Khara Jabola-Carolus

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[1] Huddleston, C. "58% of Americans Have Less Than $1000 in Savings, Survey Finds," May 15, 2019, https://finance.yahoo.com/news/58-americans-less-1-000-090000503.html.

[2] Holstrom, A., "Employment Law Forecast," Massachussets Employment Law Letter, Apr. 2017.

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February 4, 2020

To: The Honorable Brian T. Taniguchi, Chair,
The Honorable Les Ihara, Jr., Vice Chair, and
Members of the Senate Committee on Labor, Culture, and the Arts

Date: Tuesday, February 4, 2020
Time: 2:45 p.m.
Place: Conference Room 224, State Capitol

From: Scott T. Murakami, Director
Department of Labor and Industrial Relations (DLIR)

Re: S.B. No. 2491 RELATING TO FAMILY LEAVE

I. OVERVIEW OF PROPOSED LEGISLATION

This measure seeks to amend the Hawaii Family Leave Law (HFLL), Chapter 398, Hawaii Revised Statutes (HRS), by establishing a family leave insurance program in DLIR that would provide for partial wage replacement via the family insurance fund for up to sixteen weeks a year. The benefit amount ranges from fifty percent to ninety percent of the employee's average weekly wage up to a maximum of $1,000 per week. The benefits can be used when the employee or currently unemployed individual is caring for themselves, thier child, family member, or service member, and has a qualifying exigency.

Employees must have worked at least six months for an employer to qualify. A self-employed individual can qualify if the individual has opted into the program.

Employers contribute to the family insurance fund and can opt to take an employee contribution.

The measure also appropriates $300,000 for 3 employees to administer the program.

The DLIR supports the intent of this measure, but opposes the current draft due to the fiscal and administrative impact. DLIR suggests the convening of a task force and is in the process of drafting a Concurrent Resolution to effectuate a task force.

II. CURRENT LAW

Chapter 398, HRS, provides four weeks of protected leave and if offered by employer, and allows ten days of accrued and available paid sick leave.

III. COMMENTS ON THE HOUSE BILL

According to an Executive Branch Workforce Profile by the Department of Human Resources and Development, there were 48,033 Hawaii State employees in the Executive Branch, Department of Education, University of Hawaii, and Hawaii Health Systems on June 30, 2019. Of this number, 8,666 employees were of child-bearing age (less than 20-34 years of age) and 15,199 employees were in an age range that could be considered to be care givers (age 55 and older). Based on these figures, the DLIR anticipates 30,000 claims annually exclusively for Hawaii State employees.

The measure appropriates $300,000 for 3 employees. The DLIR estimates that it would require 121 staff to administer a family leave insurance program based on 30,000 claims. Section 398-3(b), HRS, allows the leave to be taken intermittently, therefore, if taken hourly, one person could take up to 640 one-hour leaves in a calendar year. Staffing is needed for employer account registration; contribution intake and processing; cashiering, delinquency, collection, monitoring, and compliance; trust fund monitoring and compliance; claims intake and adjudication; payment processing and disbursement, complaint intake and processing; hearings; information technology support; and administrative staff.

Program Management (5 Staff)	$ 435,000	
Claims Administration (71 Staff)	$ 3,620,000	
Program Support Specialist (40 Staff)	$ 2,200,000	
IT Staff (5 Staff)	$ 285,000	
TOTAL (121 Staff)	$ 6,540,000	annually

Additionally, the DLIR's IT systems are antiquated, which would require appropriate funding to upgrade the systems to support the program. Moreover, the DLIR currently shares Keelikolani Building with the Department of Taxation and does not have the office space needed to house 121 additional employees and new technology. The DLIR notes that funding must also include annual custodial fees of 5% of gross revenues that the Department of Budget and Finance assesses on special funds for central services.

The Department notes that eligibility under this proposal would effectively be removing oneself from the active labor market and in direct conflict with the Unemployment Insurance eligibility requirement, which obliges the claimant to be able to work and available to work (AA). Thus, the person would be ineligible for unemployment benefits The DLIR also notes that one provision would entitle a person to forty-two total weeks of benefits (pg. 16, lines 10-16).

The intent of Section 398-10 Applicability indicates that the legislature did not intend to interfere with, "any employment contracts or collective bargaining agreements, to the extent that the contracts and agreements provide greater protections than those afforded under this chapter. Section 398-10(c) expressly states:

> (c) To the extent the provisions of this chapter contradict or otherwise conflict with any contract rights or collective bargaining agreements in existence as of the date of this Act, the provisions that provide greater benefits to the employees shall control.

Therefore, the proposed amendments to 398-4 appear to contradict this statutory intent.

The measure provides a Family Leave Insurance Fund based on employer and employee contributions, but does not include a provision for the self-employed's contribution rates. The Department would likely find it very difficult to verify the self-employed persons' income even if the measure were amended to specify contribution rates, including contribution rates for the self-employed. The measure does not provide for start-up funding for administrative purposes or for employees whose employers are non-compliant or bankrupt.

The DLIR suggests that the taxable rate of the contribution be clarified to specify whether the measure refers to the rate of the contribution into the family leave insurance fund, or if it refers to the portion of the contribution that is taxable (pg. 5-6, lines 16 – 2).

The measure requires that this amount must be in accordance with the contribution rate to the temporary disability insurance fund (pg. 5-6, lines 20-2). While there is no such fund under the Temporary Disability Insurance Law, Chapter 392, HRS, there is a trust fund for disability benefits which was funded by employer contributions in 1969 based on the wages the employers paid during part of 1969. No levy has been assessed on employers since 1969.

The report to the Legislature includes information about premium rates, which is problematic as outlined in the two paragraphs proceeding this one.

Currently, Section 398-4(c), HRS, allows an employee to use up to ten days of sick leave for family leave purposes provided that if the employer uses sick leaves as its Temporary Disability Insurance benefit, but only the sick leave in excess of the minimum needed for Temporary Disability Insurance purposes is available for family leave purposes. The bill proposes the removal of this provision (pg. 14-15, lines 16-6; pg. 15-16, lines 12-3). If the intent is to disallow the use of sick leave for family leave purposes, it may be appropriate to also remove Section 392-41(b)(2), HRS, which states:

> "If the benefits provided by the plan or agreement or extension or modification thereof include benefits falling within the definition of "sick leave" as defined in section 398-1, any amount in excess of the minimum statutory equivalent, as determined by the department, may be used for the purposes of chapter 398."

The proposed new section §398 Family leave insurance fund; family leave insurance benefits (c) (pg. 6, lines 3-12) requires, "The family leave insurance fund shall be under the control of and administered by the department." Chapter 37, Part III Budgetary Control of Special Funds section 54 requires all special funds to be deposited in the state treasury, with a few exceptions.

The new section §398- Wage withholding references a "referee" (pg. 9, line 11), which is ambiguous as chapter 398 does not have a referee. The existing administrative and civil process to adjudicate disputes is outlined in §398-24 to §398-29.

The measure provides a maximum weekly benefit amount of $1,000.00. Having a specified amount requires adjustments to future wage bases. DLIR's Research & Statistics Division (R&S) adopts annual maximum weekly wage base and benefit amounts for the following programs: (1) Temporary Disability, (2) Workers Compensation, and (3) Prepaid Health Care.

In the proposal (pg. 10, line 16), a covered individual must meet the requirements of Section 392-25, HRS: "§392-25 Eligibility for benefits. An individual is eligible to receive temporary disability benefits if the individual has been in employment for at least fourteen weeks during each of which the individual has received remuneration in any form for twenty or more hours and earned wages of at least $400, during the fifty-two weeks immediately preceding the first day of disability."

As drafted, the measure would permit any individual meeting these requirements up to sixteen paid weeks of leave. Also, this requirement would be difficult to apply to individuals who do not have a disability date, such as those who need to take leave due to an exigency or to care for a service member.

The proposal appears to contemplate that the employee can take family leave for their own medical conditions. This conflicts with Chapter 398 as the personal medical condition of the employee is not covered (See §398-3, HRS).

Lastly, the DLIR is concerned that the proposed effective date of July 1, 2020 does not provide the necessary time to set up the program, hire staff, secure additional office space, and establish program administrative rules. Based on other states' experience, there was a minimum of two years between adoption and implementation of the program.

HAWAIʻI PACIFIC HEALTH | KAPIʻOLANI PALI MOMI STRAUB WILCOX

Tuesday, February 4, 2020 at 2:45 pm
Conference Room 224

Senate Committee on Labor, Culture & The Arts

To: Senator Brian Taniguchi, Chair
Senator Les Ihara, Vice Chair

From: Gail Lerch
EVP, Human Resources and General Services

Re: Comments on SB 2491
Relating To Family Leave

My name is Gail Lerch, Executive Vice President, Human Resources and General Services at Hawaiʻi Pacific Health (HPH). Hawaiʻi Pacific Health is a not-for-profit health care system comprised of its four medical centers – Kapiʻolani, Pali Momi, Straub and Wilcox and over 70 locations statewide with a mission of creating a healthier Hawaiʻi.

I write to provide comments on SB 2491 that would provide family leave insurance benefits and extends the period of family leave to sixteen weeks for businesses that employ one or more employees who meet the hourly qualifications.

HPH supports the intent of SB 2491 and already has policies and procedures in place that enable an employee to take family leave in order to care for a family member in need. We are concerned, however, of the overall operational impact the measure would have on employers in general. Hawaiʻi suffers from the negative perception of being a less than friendly business environment. Mandating that business now contribute to the paid family leave fund imposes yet another financial obligation on employers. There are additional considerations that are not addressed in SB 2491, such as the projected long-term impact in terms of cost trends, leave utilization, over-time costs to employers, increase in Premium Pay costs, turn-over increase to burn-out, and temporary staffing costs. Other considerations which may affect implementation of paid family leave benefits include as well as the financial stability of the program:

- Cost of elder care is rising and more seniors are opting to “age in place”;
- More elderly parents are not living near family that can support them, requiring employees to travel to other parts of the country such that travel time must be considered;
- People are living longer;

- Should paid family leave include the care of a parent, usage will increase dramatically based on the above.

We are also concerned that employers with existing policies addressing family leave are not given the ability to “opt out” of the paid family leave program. It is unclear as to what happens to current employer programs (leave policies, PTO, ESL). This will result in confusion on the part of both employers and employees.

If this measure were to move forward, we would request that employers who already meet or exceed the requirements of this bill through PTO, leave policies, ESL, or other programs, be allowed to be exempted.

Thank you for the opportunity to testify.

Meadow Gold Dairies

Written Testimony By: Glenn Muranaka
SB2491, Relating to Family Leave
Senate LCA Hearing – 2:45pm
Tuesday, February 4, 2020 – Room 224

Position: Oppose

Chair Taniguchi, Vice Chair Ihara and Members of the Senate LCA Committee:

My name is Glenn Muranaka, President and General Manager of Meadow Gold Dairies. Our company has been in Hawaii since 1897—122 years, providing Hawaii consumers with a variety of milk products and juices. Meadow Gold's long history has not come without effort. We continually adapt to our customers' and consumers' ever-changing needs, and we constantly evolve along with our industry, our community and our market. Over the years, this has required that we struggle, tighten our belts, innovate and work extremely hard, making us a better company in the process. The foundation of this work rests with the 305 employees that are committed to providing superior quality products.

We respectfully oppose this measure. The cost of doing business in Hawaii is very unfavorable particularly for businesses who must compete with mainland imports. Employee coverage for the proposed family leave insurance will be difficult to meet both on the part of employers and employees. Businesses will limit hiring of new employees as the proposed family leave insurance adds to the rising cost of rent, utilities, health and workers compensation insurance rates, inputs, transportation such as shipping, fuel etc. In many cases, additional cost burdens will be passed on to the consumer, increasing the cost-of-living in Hawaii.

Throughout the years, many small businesses have creatively and innovatively accommodated specific needs of their employees while remaining viable.

We encourage incentives to grow small business in our state instead of legislation that add to the struggle to remain a thriving business.

Thank you for the opportunity to submit testimony. If you have any questions, please contact me at 944-5911.

To: Committee Chair Senator Brian T. Taniguchi
Committee Vice Chair Senator Les Ihara, Jr.
Committee on Labor, Culture, and The Arts

Date: Tuesday February 4, 2020

RE: **<u>Support for SB 2491; Relating to Family Leave</u>**

The Early Childhood Action Strategy (ECAS) is a statewide public-private collaborative designed to improve the system of care for Hawai'i's youngest children and their families. ECAS brings together government and non-governmental organizations to align priorities for children prenatal to age eight, streamline services, maximize resources, and improve programs to support our youngest keiki. The Early Childhood Action Strategy (ECAS) is a statewide public-private collaborative designed to improve the system of care for Hawaiʻi's youngest children and their families. ECAS partners are working to align priorities for children prenatal to age eight, streamline services, maximize resources, and improve programs to support our youngest keiki. ECAS supports the intent of SB 2491.

Everyone at some point in our lives will need to care for a family member. Currently in Hawaiʻi, 247,000 people serve as family caregivers. Hawaiʻi has the fastest growing population over the age of 65 in the nation and nearly a third of those who need family leave to be able to care for elderly parents or spouses, will not have access to it, potentially impacting their economic security and stability. Moreover, the cost to care for children, sick, or elderly family members often adds a significant financial burden to many families. We know that when employees are worried about the well-being of their 'ohana members, it can jeopardize productivity and work attendance, which can have costly impacts to businesses. Although Hawaiʻi law does allow employees to take leave for up to 4 weeks for businesses with 50 or more employees, this leave is unpaid and compounds the complications and burdens families have. Nearly half of families in Hawaiʻi fall in the ALICE (Asset Limited Income Constrained Employed) threshold and are struggling financially. When these families are faced with having to care for family members, they face the brink of a financial crises.

We appreciate this bill provides a family leave insurance program aims to implement a cost-efficient structure that would allow the cost of the benefit to be shared by both the employee and the employer. All employees should have access to paid family leave and be able to maintain economic security. Early Childhood Action Strategy supports this measure and encourages the Committee to support its passage. Thank you for the opportunity to provide this testimony.

Pono Hawai‘i Initiative

Monday, February 3, 2020

Relating to Family Leave
Testifying in Support

Aloha Chair and members of the committee,

The Pono Hawai‘i Initiative (PHI) **supports SB2491 Relating to Family Leave,** which provides family leave insurance benefits and extends the period of family to sixteen weeks for a business that employs one or more employees who meet the hourly qualifications.

The United States is one of the only countries in the world that does not offer a federal paid family leave. The Family Medical Leave Act requires larger companies to offer unpaid leave for up to 12 weeks. The key here is unpaid. A family risks losing a paycheck if they take the leave. Taking care of a new child or a sick family member is emotionally, physically and finically taxing. Historically these tasks fall on to the female family member, disproportionately effecting women in the workforce. Being able to take adequate time off without worrying about losing a paycheck or the job itself is vital for families to stay afloat during these very stressful times.

As Hawaii’s population continues to age, having supports in place for caregivers is going to become even more essential. Let’s support Hawaii’s families and give them a resource they badly need.

For all these reasons, we urge you to move this bill forward.

Mahalo for the opportunity,
Gary Hooser
Executive Director
Pono Hawai‘i Initiative

AAUW
empowering women since 1881
of Hawaii

Hawaii State Senate Committee on Labor, Culture, and the Arts
Hearing Date/Time: Tuesday February 4, 2020 2:45PM
Place: Hawaii State Capitol, Room 224
Re: Testimony in STRONG SUPPORT of S.B. 2491

Dear Chair Taniguchi, Vice Chair Ihara, and Members of the Committee,

Members of AAUW of Hawaii are grateful for this opportunity to testify in support of S.B. 2491, which would provide family leave insurance benefits and extend period of family leave to sixteen weeks.

AAUW works toward greater availability of and access to a high standard of benefits and policies that promote work-life balance including family leave. Without these policies, balancing the responsibilities of work and family can be difficult for employees, negatively impacting productivity, engagement, and wellness. According to Aloha United Way 2017 ALICE Report, 48% of Hawaii households are struggling to afford basic needs and if these families can barely make ends meet while working full-time, there is no way they could survive without pay. Without paid family leave, many workers will be forced to decide between taking care of a sick keiki or a family member or livelihood.

The American Association of University Women (AAUW) of Hawaii is a state-wide organization made up of six branches (Hilo, Honolulu, Kauai, Kona, Maui, and Windward Oahu) and includes just over 650 active members with over 3800 supporters statewide. As advocates for gender equity, AAUW of Hawaii promotes the economic, social, and physical well-being of all persons.

Please pass this important bill and mahalo.

Younghee Overly
Public Policy Chair, AAUW of Hawaii
publicpolicy-hi@aauw.net

HAWAI'I
AMERICANS FOR DEMOCRATIC ACTION

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Doug Pyle, Secretary	Stephanie Fitzpatrick	Dave Nagaji		

February 1, 2020

TO: Chair Taniguchi and members of LCA Committee

RE: SB 2491 Relating to Family Leave

Support for heearing on February 4

Americans for Democratic Action is an organization founded in the 1950s by leading supporters of the New Deal and led by Patsy Mink in the 1970s. We are devoted to the promotion of progressive public policies.

We support SB 2491 as it would establish family leave insurance benefits and extend the period of family leave to sixteen weeks for businesses that employs one or more employees who meet the hourly qualifications.

Working families on the national level lost $20.6 billion in wages due to the lack of paid family leave; on the state level, they lost approximately $2 billion in 2011 when caring for loved ones. These statistics show that lack of paid leave clearly has a negative effect on families and has the potential to force workers, especially those with low incomes, to choose between financial stability and care-giving duties.

When most people think of family leave, they think of care for infants. The 2017 Hawaii State Paid Family Leave Analysis Grant Report projects that almost 70% of the Paid Family Leave claims would be related to bonding and caring for a newborn.

Family leave is important for fathers. As seen in studies from states already providing Paid Family Leave Insurance, a lack of paid leave discourages men, especially fathers, from taking time off to care for family members. Thus, the responsibility of care-giving falls heavily upon women: on a national level, women make up approximately 75% of informal caregivers. Only 22% of women have employers offering paid maternity leave. Some mothers in the state of Hawaii may receive temporary disability insurance after giving birth, but this program solely covers the time needed to recover from complications from childbirth. It also fails to cover families adopting an infant.

Family leave for mothers pays multiple dividends. In a California study, women who took paid family leave were more likely to initiate breastfeeding and continue breastfeeding for longer periods of time than those who did not take paid family leave. Taking the leave decreases the risk of health problems for babies, which includes asthma, diabetes, eczema, and Sudden Infant Death Syndrome. It also decreases a mother's chance at developing breast and ovarian cancer, diabetes, and hypertension after childbirth. Moreover, mothers in a New York survey were more likely to report experiencing depression in the year following the birth of their child if they took less than six weeks of leave and were more likely to report experiencing poor health if they took less than four weeks of leave . It is a testimony to the maternal benefits of paid family leave that women who take paid leave for bonding purposes are 40% less likely to use food stamps than women who return directly to work after childbirth.

This responsibility of caring for a child can negatively impact careers as 29% of women workers cite relinquishing a promotion, training, or assignment to care for a family member. Twenty percent report that they gave up full-time employment to become an informal caregiver. In Hawaii, 63% of children grow up in households in which both parents work, so it is likely that a woman will be both the caregiver of the family and a source of income as well.

While 70 percent of claims relate to infant care, the bulk of the rest of the claims are for elder-care. *Kupuna* are a cherished and growing part of the population. This segment of the population is on track to increase by 310% between 1980 and 2035. The “silver tsunami” of people over the age of 60 is expected to boost their share of the population to approximately 29% by 2040. Unfortunately, many workers struggle to care for the needs of their dependent and elderly family members.

While paid family leave is beneficial for parents and newborns alike, it also offers benefits to businesses as well. In a California study on the impact of paid family leave on both large and small businesses, employers reported that implementing the program increased their employee retention rate and thus helped them to save a total of $89 million a year due to their lower turnover rates. In the study, the benefits of Paid Family Leave were especially seen in “low-quality” job industries, in which 83% of workers returned to their employer after taking paid family leave, 10% more than those who did not take paid family leave. Moreover, 89% of employers said that paid family leave had either a positive effect or no effect on their workers’ productivity and 91% reported no impact or a positive impact on their businesses’ performance and profitability. Perhaps surprisingly, small businesses with 100 or less employees were less likely to report negative effects than larger ones, possibly because these businesses already had well-established coping mechanisms to deal with employee absenteeism prior to the implementation of the paid family leave program.

Paid Family Leave Insurance is a very important benefit for infants, working mothers, caring fathers, kupuna, children of kupuna, employees, and probably employers. Of course the program is not free. Yet the benefits outweigh the costs

To: The Honorable Brian T. Taniguchi, Chair
The Honorable Les Ihara, Jr., Vice Chair
Members, Committee on Labor and Public Employment

From: Rowena Buffett Timms, Executive Vice President & Chief Administrative Officer, The Queen's Health Systems
Colette Masunaga, Manager, Government Relations & External Affairs, The Queen's Health Systems
Date: February 3, 2020
Hrg: Senate Committee on Committee on Labor, Culture and the Arts Hearing; Tuesday, February 4, 2020 at 2:45 P.M. in Room 224

Re: **Comments on SB2491, Relating to Family Leave**

The Queen's Health Systems (Queen's) is a not-for-profit corporation that provides expanded health care capabilities to the people of Hawai'i and the Pacific Basin. Since the founding of the first Queen's hospital in 1859 by Queen Emma and King Kamehameha IV, it has been our mission to provide quality health care services in perpetuity for Native Hawaiians and all of the people of Hawai'i. Over the years, the organization has grown to four hospitals, 66 health care centers and labs, and more than 1,600 physicians statewide. As the preeminent health care system in Hawai'i, Queen's strives to provide superior patient care that is constantly advancing through education and research.

Queen's appreciates the opportunity to offer comments on H.B. 2219, relating to family leave. The proposed measure provides family leave insurance benefits and extends period of family leave to sixteen weeks for businesses that employs one or more employees who meet the hourly qualifications.

Estimates from our Human Resources, suggest that the proposed bill will costs Queen's over $1.7 million per year due to the 25% increase in leave benefit. Taking that estimate, and the backfill expense associated with covering lost productivity due to increased leave, in total, this measure would increase costs to Queen's by $2.5 million annually. Queen's appreciates the intent of the measure, but would suggest clarification on the provisions of the bill and align it with federal law. Because we are self-insured, we would also appreciate provisions that would allow us to continue self-insurance.

Thank you for the opportunity to testify on this measure.

Common Cause
Hawaii
Holding Power Accountable

P.O. Box 2240
Honolulu, Hawaii 96804
808.275.6275
www.commoncause.org/hi

Statement Before The
SENATE COMMITTEE ON LABOR, CULTURE AND THE ARTS
Tuesday, February 4, 2020
2:45 PM
State Capitol, Conference Room 224

in consideration of
SB 2491
RELATING TO FAMILY LEAVE.

Chair TANIGUCHI, Vice Chair IHARA, and Members of the Senate Labor, Culture and the Arts Committee

Common Cause Hawaii provides comments in support of SB 2491, which provides family leave insurance benefits and extends the period of family leave to sixteen weeks for businesses that employs one or more employees who meet the hourly qualifications.

Common Cause Hawaii is a nonprofit, nonpartisan, grassroots organization dedicated to reforming government and strengthening democracy - one that works for everyone and not just the special interests.

Common Cause Hawaii understands that when every employee has paid time off to care for their families, the benefits flow to their families, communities, and our state as a whole. Paid family leave will create a program that works for all people, ensuring a healthy, vibrant democracy.

Thank you for the opportunity to comment in support of SB 2491. If you have further questions of me, please contact me at sma@commoncause.org.

Very respectfully yours,

Sandy Ma
Executive Director, Common Cause Hawaii

COMMUNITY ALLIANCE ON PRISONS

P.O. Box 37158, Honolulu, HI 96837-0158

Phone/E-Mail: (808) 927-1214 / kat.caphi@gmail.com

COMMITTEE ON LABOR & PUBLIC EMPLOYMENT
Sen. Brian Taniguchi, Chair
Sen. Les Ihara, Vice Chair
Tuesday, February 4, 2020
2:45 Pm – Room 224

SUPPORT FOR SB 2491 – FAMILY LEAVE

Aloha Chair Taniguchi, Vice Chair Ihara and Members of the Committee!

My name is Kat Brady and I am the Coordinator of Community Alliance on Prisons, a community initiative promoting smart justice policies in Hawai`i for more than two decades. This testimony is respectfully offered on behalf of the families of **ASHLEY GREY, DAISY KASITATI, JOEY O`MALLEY, JESSICA FORTSON** and all the people who have died under the "care and custody" of the state including the ten people who died in the last 5 months of 2019 and for **JAMES BORLING-SALAS** who was beaten and died on January 16th. We also remember the approximately 5,200 Hawai`i individuals living behind bars or under the "care and custody" of the Department of Public Safety on any given day and we are always mindful that more than 1,200 of Hawai`i's imprisoned people are serving their sentences abroad -- thousands of miles away from their loved ones, their homes and, for the disproportionate number of incarcerated Kanaka Maoli, far, far from their ancestral lands.

SB 2491 provides family leave insurance benefits and extends the period of family leave to sixteen weeks for businesses that employs one or more employees who meet the hourly qualifications.

Community Alliance on Prisons supports this bill. We are Hawai`i. We care for and about each other. Taking care of loved ones or newborn babies is elemental to who we are. We are happy to see this bill and thank the Chair for introducing it.

Paid family leave is used when you need to bond with a new child or care for a loved one. Eights states and D.C. have adopted a state paid family leave program. The United States is the only high-income country that doesn't offer paid leave. Out of 41 countries, the US comes in last with 0 weeks of paid leave. Hawai`i has led the way in so many important policies, let this be the next one!

According to the ALICE report (Aloha United Way 2017 ALICE Report) the majority of families in Hawai`i are "working families" who cannot afford to take unpaid leave long enough to cover their caretaking needs. Paid family leave alleviates economic instability for struggling families by ensuring job security and it helps employers by increasing worker retention and loyalty.

Experts on family leave insurance have studied the projected use, cost, and feasibility of implementation of a family leave insurance program for Hawai`i. These studies collectively found that a family leave insurance program in Hawai`i could provide sixteen weeks of leave to care for a new child or sick or injured family member, and would only cost around $58/year to cover a worker making $48,000 annually. Strengthening families is crucial to a strong Hawai`i!

Community Alliance on Prisons urges the committee to pass this measure. Mahalo nui for this opportunity to testify.

SENATE BILL 2491, RELATING TO FAMILY LEAVE

FEBRUARY 4, 2020 · SENATE LABOR, CULTURE, AND THE ARTS COMMITTEE · CHAIR SEN. BRIAN T. TANIGUCHI

POSITION: Support.

RATIONALE: The Democratic Party of Hawai'i Education Caucus supports SB 2491, relating to family leave, which provides family leave insurance benefits and extends period of family leave to sixteen weeks for businesses that employs one or more employees who meet the hourly qualifications.

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 choice of caring for newborn or sick children, spouses, or parents or working to sustain their family’s income. We must offer a smart, affordable solution that empowers workers to care for their families, while saving their jobs.

SB 2491, RELATING TO FAMILY LEAVE

FEBRUARY 4, 2020 · SENATE LABOR, CULTURE, AND THE ARTS COMMITTEE · CHAIR SEN. BRIAN T. TANIGUCHI

POSITION: Support.

RATIONALE: IMUAlliance supports SB 2491, relating to family leave, which provides family leave insurance benefits and extends period of family leave to sixteen weeks for businesses that employs one or more employees who meet the hourly qualifications.

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

Kris Coffield, Executive Director · (808) 679-7454 · kris@imuaalliance.org

senior (age 65+) population is expected to grow 81 percent by 2030. Approximately 247,000 Hawaii workers are caregivers for a family member.

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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 choice of caring for newborn or sick children, spouses, or parents or working to sustain their family's income. We must offer a smart, affordable solution that empowers workers to care for their families, while saving their jobs.

Testimony of the Hawai'i Appleseed Center for Law & Economic Justice
In Support of SB 2491 – Relating to Family Leave
Senate Committee on Labor, Culture and the Arts
Tuesday, February 4, 2020, 2:45 PM, conference room 224

Dear Chair Taniguchi, Vice Chair Ihara, and members of the Committee:

Thank you for the opportunity to provide testimony in **SUPPORT** of **SB 2491**, which would provide family leave insurance benefits to qualified businesses and employees.

Low-wage workers are the least likely to have access to paid family leave, while they need the financial support of paid leave the most. And especially with more and more of our kūpuna needing care, our state needs to create a safety net for families facing serious caregiving responsibilities.

The United States is the only developed nation that doesn't provide its workers with paid family leave.[i] The federal Family and Medical Leave Act provides employees with only *unpaid* leave, and more than 40 percent of private sector workers are not covered by it.

The Hawai'i Family Leave Law provides only four weeks of *unpaid* leave and also fails to cover around 40 percent of the state's workforce. Hawai'i's temporary disability insurance program offers partial wage replacement to workers recovering from illness or injury, including childbirth, but no job protection. It's also not available to non-biological parents or to family caregivers.

Although some individual companies offer employees paid leave, this benefit is typically only available to higher-income workers. Nationally, only 6 percent of low-wage workers – those who truly have the greatest need for paid family leave – have access to it.[ii]

This lack of access to paid family leave has profound consequences for our working families. In Hawai'i, two-thirds of children live in households where both parents work, and a quarter of live in households headed by a single parent, leaving no full-time caregiver at home.[iii]

That is why it's crucial for Hawai'i to put into place a strong financial safety net for the hard-working families who desperately need support when faced with serious family caregiving responsibilities.

Eight states and the District of Columbia have already adopted state-level paid family leave laws.[iv] Their programs operate under a social insurance system, with employees and/or employers across the state paying into a dedicated insurance fund. By spreading both risks and resources across all workers, this system provides benefits at a low per-person cost.

In order for such a program to be truly effective in Hawai'i, it is important for a paid family leave program to also follow a similar social insurance model. Examples of a social insurance approach are programs like Social Security and Medicare. Experts from both the left and the right agree that this is the best way to reduce costs to employers and overall administrative expenses, as well as prevent discrimination against those workers who are mostly likely to take leave. Even the right-leaning American Enterprise Institute prefers a social insurance program over an employer mandate to purchase family leave insurance or to self-insure[v]:

> *[T]he idea that companies might be better off with an employer mandate instead of a social insurance program is hard to fathom. While social insurance broadly distributes the costs of providing leave, an employer mandate shifts all of the costs onto the firm, raising implicit labor costs. Firms can respond to this mandate in several ways: One, they may try to self-insure or purchase private insurance products; these will likely be costly and unavailable in many places. Two, they may reduce wages paid for workers that are hired. Three, firms may simply discriminate against people who are more likely to use this leave, particularly women. Since an employer mandate disproportionately raises the expected labor costs of those most likely to use the paid leave, mandating paid leave incentivizes firms to discriminate against women and others likely to take up the policy... A mandate imposes additional costs and distortions that could be much more expensive to the public than social insurance.*

Creating a similar system in Hawai‘i would help keep workers, especially women, in the workforce, and at higher wages. It would also reduce reliance on public benefits.

Job-protected paid family leave provides job continuity, so workers are less likely to leave the labor force altogether. Research shows that mothers with access to family leave are more likely to return to work after the birth of a child and also more likely to return to the same or higher wages than they were earning before giving birth. In California, where the program has been in effect for over 15 years, mothers of small children were found to be working more hours and at higher average incomes than similar women were before the law was passed.

Studies also show that women who receive paid leave after the birth of a child are 39 percent less likely to rely on public assistance and 40 percent less likely to rely on food stamps than women who do not take paid leave, and this trend is also present in men.

A Hawai‘i statewide poll found that 94 percent of respondents had either a “very favorable” (60 percent) or “somewhat favorable (34 percent) perception of paid family leave. Nearly 6 in 10 (59 percent) said that they’d be willing to contribute a portion of their paycheck every month to a paid leave program, and the average amount that they said they’d be comfortable contributing is over $41 per month. That is several times more than actuarial estimates of what such a system would cost in Hawai‘i,[vi] as well as the experience of the states that are already running paid family leave programs.

We appreciate your consideration of this testimony.

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[i] https://www.pewresearch.org/fact-tank/2019/12/16/u-s-lacks-mandated-paid-parental-leave/
[ii] https://www.healthaffairs.org/do/10.1377/hpb20190301.484936/full/
[iii] https://datacenter.kidscount.org/data#HI/2/0/char/0
[iv] https://www.nationalpartnership.org/our-work/resources/economic-justice/paid-leave/state-paid-family-leave-laws.pdf
[v] https://www.aei.org/wp-content/uploads/2017/10/DC-Testimony-Mathur-1.pdf
[vi] https://www.dol.gov/wb/media/Hawaii_Report_Final_2.pdf

Date: February 2, 2020

To: Senator Brian Taniguchi, Chair
Senator Les Ihara, Jr., Vice Chair
Members of the Labor, Culture, and the Arts Committee

Re: Support for SB 2491, Relating to Family Leave

Hrg: February 4, 2020 at 2:45 PM at Conference Room 224

The Obesity Prevention Task Force of the Hawai'i Public Health Institute[i] is in **Support of SB2491**, which will provide family leave insurance benefits for up to sixteen weeks for qualified employees.

It is time for Hawai'i to pass a strong family leave insurance program. Employees need subsidized time off of work to care for a newborn, newly adopted or foster child, or an ill family member. Paid family leave guarantees that employees can cover basic costs of living, while also providing care to family members when they need it most.

Paid time off for families to care for a newborn also helps to establish a foundation in breastfeeding. Infant feeding practices can greatly affect later growth and development and can be a protective factor against obesity[ii]. The American Academy of Pediatrics and the World Health Organization recommend exclusive breastfeeding for the first six months of life and continued breastfeeding with the addition of other foods until a child is at least twelve months of age[iii].

"A robust body of evidence suggests that breastfeeding has multiple health benefits for infants, and that paid family leave (and other forms of maternity leave) significantly increases the length of time that mothers breastfeed. In a review and analysis of studies of breastfeeding in developed countries, the U.S. Agency for Healthcare Research and Quality found that full-term infants fed formula are at substantially greater risk than breastfed infants for acute ear infection, eczema, gastrointestinal infection, hospitalization for lower respiratory tract diseases in the first year of life, asthma, childhood obesity, Type 2 diabetes, leukemia, and sudden infant death syndrome (SIDS).[iv]"

Eight states and Washington, D.C. have passed similar legislation providing partial wage replacement for family and medical leave purposes. A 2011 study of California's family and medical leave insurance program estimated that it would save employers $89 million per year.

Thank you for the opportunity to provide testimony.

Mahalo,

Jessica Yamauchi, MA
Executive Director

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[i] Created by the legislature in 2012, the Obesity Prevention Task Force is comprised of over 60 statewide organizations, and works to make recommendations to reshape Hawai'i's school, work, community, and health care environments, making healthier lifestyles obtainable for all Hawai'i residents. The Hawaiʻi Public Health Institute (HIPHI) convenes the Task Force and supports and promotes policy efforts to create a healthy Hawaiʻi.

Hawaiʻi Public Health Institute is a hub for building healthy communities, providing issue-based advocacy, education, and technical assistance through partnerships with government, academia, foundations, business, and community-based organizations.

[ii] S. Arenz et al., Breast-feeding and childhood obesity - a systematic review, 28(10) International Journal of Obesity and Related Metabolic Disorders 1247-56 (2004).

[iii] American Academy of Pediatrics, AAP Reaffirms Breastfeeding Guidelines, https://www.aap.org/en-us/about-the-aap/aap-press-room/pages/AAP-Reaffirms-Breastfeeding-Guidelines.aspx (last updated February 27, 2012).

[iv] http://www.nccp.org/publications/pdf/text_1059.pdf

SB-2491
Submitted on: 2/2/2020 10:58:44 PM
Testimony for LCA on 2/4/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Erica Yamauchi	Testifying for Hawaii Children's Action Network	Support	No

Comments:

I am writing in strong support of this bill and paid family leave.

Each of us will need to care for an ‘ohana member at some time in our lives, whether it be a child or aging parent. Paid family leave allows employees the time necessary to provide care for ‘ohana members without jeopardizing their economic security. A few points --

- 247,000 individuals in Hawai‘i are already serving as caregivers. Moreover, Hawai‘i has the fastest growing population over the age of 65 in the nation.
- Paid family leave is associated with: increased worker productivity, better engagement and better physical wellness.

As a businessowner, I also believe a shared cost, state-run insurance benefit is an affordable solution for all businesses. It‘s a win-win for employees AND employers.

Thank you for your time and consideration.

Erica Yamauchi

President, Board of Directors

Hawaii Children's Action Network

SB-2491
Submitted on: 2/2/2020 11:36:11 PM
Testimony for LCA on 2/4/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Midwives Alliance of Hawaii	Testifying for Midwives Alliance of Hawaii	Support	No

Comments:

MAUI
CHAMBER OF COMMERCE
VOICE OF BUSINESS

HEARING BEFORE THE SENATE COMMITTEE ON
LABOR, CULTURE & THE ARTS
HAWAII STATE CAPITOL, SENATE CONFERENCE ROOM 224
TUESDAY, FEBRUARY 4, 2020 AT 2:45 P.M.

To The Honorable Brian T. Taniguchi, Chair;
The Honorable Les Ihara, Jr., Vice Chair; and
Members of the Committee on Labor, Culture & The Arts,

TESTIMONY IN OPPOSITION TO SB2491 RELATING TO FAMILY LEAVE

Aloha, my name is Pamela Tumpap and I am the President of the Maui Chamber of Commerce, with approximately 650 members. I am writing share our opposition to SB2491.

The Maui Chamber of Commerce opposes this bill to provide family leave insurance benefits and extends the period of family leave to sixteen weeks for businesses that employ one or more employees. Employers are already hit with many government mandated expenses that add to the high cost of doing business in Hawaii. Generally, businesses already provide paid time off and sick leave, among other employee benefits. This bill would add multiple additional expenses to the business as employers would have to contribute to the family leave insurance program and deal with the extreme burden when an employee has to take family leave. At a time when the Legislature is already looking at raising the minimum wage, businesses cannot afford another government mandate.

Further, not only would this hurt businesses, but employee contributions take money out of employees pockets.

Therefore, we oppose this bill and ask that it be deferred. We appreciate the opportunity to testify on this matter.

Sincerely,

Pamela Tumpap

Pamela Tumpap
President

To advance and promote a healthy economic environment for business, advocating for a responsive government and quality education, while preserving Maui's unique community characteristics.

95 Mahalani Street, Suite 22A, Wailuku, Hawaii 96793 808-244-0081 info@MauiChamber.com MauiChamber.com

To: Sen. Brian T. Taniguchi, Chair
Sen. Les Ihara Jr., Vice Chair
Members of the Committee on Labor, Culture and the Arts

From: Victor Lim, Legislative Lead
Hawaii Restaurant Association

Subj: SB 2491 Relating Family Leve

Date: February 3, 2020

The Hawaii Restaurant Association representing over 3,500 restaurants here in the state of Hawaii stands opposed to SB 2491 that would provide paid 16 weeks of paid family leave. For the many restaurants we represent, even though it is a shared program will increase the costs of doing business exponentially.

We have not seen any study on the economic impact of such a generous proposal and the definite impact will be a huge hike to our mandated fees we pay along with prepaid health care, workman's comp., and SUI. Many of the businesses will not be able to afford this cost.

We also need a minimum active work tenure requirement for qualification as per FMLA for such a benefit.

Providing 16 weeks from the onset will also encourage abuse and in today's tight labor market where the ability to staff is very tight, this will also cause major staffing for the local business.

Thank you for giving us this opportunity to share our concern.

2909 Waialae Avenue, #22 Honolulu, Hawaii 96826 Office 808-944-9105 Fax 808-441-5355

ACOG
The American College of Obstetricians and Gynecologists

American College of Obstetricians and Gynecologists District VIII, Hawaiʻi (Guam & American Samoa) Section

TO: Senate Committee on Labor, Culture, and the Arts
Senator Brian T. Taniguchi, Chair
Senator Les Ihara, Jr., Vice Chair

DATE: Tuesday, February 4, 2020 at 2:45PM

PLACE: Hawaii State Capitol, Conference Room 224

FROM: Hawaiʻi Section, ACOG
Chrystie Fujimoto, MD, FACOG, Chair
Reni Soon, MD, MPH, FACOG, Vice Chair
Lauren Zirbel, Community and Government Relations

Re: SB 2491 – Relating to Family Leave
Position: SUPPORT

HI ACOG **supports SB 2491** and other legislative proposals that support Hawaii's women and families. As a section of the Nation's leading group of physicians dedicated to improving health care for women, the Hawaiʻi Section of the American College of Obstetricians and Gynecologists (HI ACOG) represents more than 200 obstetrician-gynecologist physicians in our state.

Paid family leave fosters healthier babies

- As obstetricians, we all have had to do what we can to help new mothers and fathers piece together what leave they have (sick leave, vacation leave, etc) to care for their newborns, and adequately recover from childbirth. All too often, mothers and fathers return to work sooner than is medically recommended because they cannot afford not to.
- The newborn period is a critical time of development and babies deserve the chance to bond with both parents if they can.
- Babies whose parents are able to take leave from work are more likely to receive regular medical checkups, vaccinations, and breastfeeding.[1]
- Time-off periods after childbirth reduce the risk of postpartum depression in new mothers.[2]

SB 2491 advances social and economic justice for the people of Hawaii

- Although some workers may have access to paid leave, it is usually a benefit for the highest-paid workers. 90% of workers have no access to paid family leave that includes caregiving.[3]
- Low-wage workers, hourly workers, and Native Hawaiians and Pacific Islanders are less likely to be covered under the existing Family and Medical Leave Act.[4]

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[1] SB Kamerman. Parental Leave Policies: The Impact on Child Well-being. In P Mossand & M O'Brien, Eds., International Review of Leave Policies and Related Research 2006, 16-21. London, UK: Department of Trade and Industry, 2006. Retried from http://www.leavenetwork.org/fileadmin/Leavenetwork/Annual_reviews/2006_annual_report.pdf.
[2] P Chatterji & S Markowitz. Family Leave After Childbirth and the Health of New Mothers. National Bureau of Economic Research, 2008. Retrieved from http://www.nber.org/papers/w14156.
[3] Bureau of Labor Statistics, Table 33. Leave Benefits: Access, Private Industry Workers, National Compensation Survey, March 2017 (Department of Labor, 2017), available at https://www.bls.gov/ncs/ebs/benefits/2011/ownership/private/table21a.pdf.
[4] SJ Glynn, H Boushey, & P Berg. 2016. Who Gets Time Off? Predicting Access to Paid Leave and Workplace Flexibility. Washington, DC: Center for American Progress. https://cdn.americanprogress.org/wp-content/uploads/2016/04/20131209/WhoGetsTimeOff-report-04.20.26.pdf.

With paid family leave, women are more likely to stay in the workforce and less likely to rely on public assistance

- National data consistently shows that access to parental leave makes women more likely to return to work after giving birth.[5]
- Women who are able to take paid leave are 93% more likely to be in the workforce 9-12 months after a child's birth, compared to women who take no leave.[6]
- After California became the first state to offer paid parental leave, research showed that one to three years later, mothers of small children were working more hours and at higher average incomes.[7]
- Women who receive paid leave after the birth of a child are 39% less likely to rely on public assistance and 40% less likely to rely on food stamps than women who do not take paid leave at all and return to work.[6]

HI ACOG is dedicated to the advancement of health for women and their families. Our communities benefit when families are allowed to care for each other. Workers in Hawai'i should be able to be with the people they love when they need them the most without risking their economic security. For these reasons, HI ACOG supports SB 2491 and we urge you to pass this legislation.

Mahalo for the opportunity to testify.

[5] W Han et al. "Public Policies and Women's Employment After Childbearing," National Bureau of Economic Research Working Paper 14660 (2009).

[6] L Houser & TP Vartanian. Pay Matters: The Positive Economic Impacts of Paid Family Leave for Families, Businesses, and the Public, 2-12. Retrieved from http://www.nationalpartnership.org/research-library/work-family/other/pay-matters.pdf

[7] M Rossin-Slater, C Ruhm, & J Waldfogel. "The Effects of California's Paid Family Leave Program on Mothers' Leave-taking and Subsequent Labor Market Outcomes." Journal of Policy Analysis and Management, 2013, 32: 224-245.

Tuesday, February 4, 2020

Senate Bill 2491
Testifying in Strong Support

Aloha Chair Taniguchi, Vice Chair Ihara, and Members of the Committee Labor, Culture & the Arts,

The Democratic Party of Hawai'i (The Party) **stands in strong support of SB2491** Relating to Family Leave. The bill would provide family leave insurance benefits and extends period of family leave to 16 weeks for businesses that employ one or more employees who meet the hour qualifications.

This is an issue that is of vital importance to countless families across the islands, not to mention the overall economic health of our state. Since 1989 families have been looking for the Legislature to take substantive action on this issue; The Party hopes 2020 will be the year our elected officials finally take real action.

The typical Hawai'i worker cannot afford to take time off to care for family members. Either they cannot afford to take the unpaid leave currently provided by law, or their employers do not offer even the most basic paid leave benefit. The 2017 ALICE Report pegs the number of Hawai'i households who are struggling to meet their basic needs at 48%; that number is almost certainly higher now. Given this, how can we expect those families to get by while also having the unfortunate task of caring for ailing loved ones?

Paid family leave is an affordable and easy to administer way to keep families afloat during those trying times. It's time for our elected officials to finally take real action on this issue.

According to the Society for Human Resource Mangers 2019 Employee Benefit Survey, more employees are demanding paid family leave. Such a program would increase worker productivity and engagement and would result in better physical wellness.

While the business community decry the costs associated with a comprehensive, 16-week paid family leave program, the reality is quite different. A state-run, social insurance program covering all employees working in Hawai'i would cost both businesses and employees mere cents on the dollar to implement and maintain. A program such as this would allow small businesses the ability to provide paid family leave to their employees and better compete with their larger competitors.

In a 10-year study of the California paid family leave insurance program, businesses reported either a positive or neutral effect on their businesses and small businesses were less likely to report any negative effects.

Any strong paid family leave legislation in Hawai'i should include:
- A social insurance model
- No carve-outs for business size, hours worked, etc.
- 16 weeks of paid leave
- As broad as possible a definition of "family"

- Job protection, so at the end of an employee’s paid leave, they can be confident of their ability to return to work
- Progressive wage replacement: those who earn less than half of the average weekly wage should receive 90% of their weekly earnings, while middle-income to higher-income workers should receive 75% or 50% of their weekly earnings, with a weekly cap. This ensures that low-income workers are able to access the program and that the fund is sustainable.
- 50/50 employer/employee cost split

The Democratic Party of Hawaiʻi strongly supports this bill and encourages the committee to act favorably on it. It’s time for our elected officials to finally take real action on this issue.

Mahalo for the opportunity to testify,

Josh Frost
Co-Chair, Legislation Committee
Democratic Party of Hawaiʻi

Zahava Zaidoff
Co-Chair, Legislation Committee
Democratic Party of Hawaiʻi

The Thirtieth Legislature
Regular Session of 2020

STATE SENATE
Committee on Labor, Culture and the Arts
Senator Brian T. Taniguchi, Chair
Senator Les Ihara, Jr., Vice Chair
State Capitol, Conference Room 224
Tuesday, February 4, 2019; 2:45 p.m.

STATEMENT OF THE ILWU LOCAL 142 ON S.B. 2491 RELATING TO FAMILY LEAVE

The ILWU Local 142 supports H.B. 2491, which provides family leave insurance benefits and extends period of family leave to sixteen weeks for businesses that employs one or more employees who meet the hourly qualifications.

Nearly every country provides some form of paid family leave except for the United States. Fortunately, a positive trend has been occurring with six states now offering paid family leave and even President Trump recently signed into law paid paternal leave for all federal workers.

Simply put, without paid family leave, workers in Hawaii and elsewhere do not have the financial ability to take time off from work to care for their child or sick family member. Fortunately, S.B. 2491 corrects that by providing workers the financial assistance needed to take time off from work to care for a newborn or sick family member.

Overall, S.B. 2491 is a positive step for all workers in Hawaii. One suggestion we have is to consider certain collective bargaining agreements that may currently provide paid family leave or a form of it so that this law doesn't interfere with those current benefits that exist.

The ILWU Local 142 recommends passage of S.B. 2491. Thank you for the opportunity to share our views on this matter.

Hawaii
Children's Action Network Speaks!
Building a unified voice for Hawaii's children

Hawaiʻi Children's Action Network Speaks! is a nonpartisan 501c4 nonprofit committed to advocating for children and their families. Our core issues are safety, health, and education.

To: Senator Taniguchi, Chair
Senator Ihara, Vice Chair
Senate Committee on Labor, Culture, and the Arts

Re: **SB 2491- Relating to family leave**
Hawaiʻi State Capitol, Room 224
2:45PM, 2/4/2020

Chair Taniguchi, Vice Chair Ihara, and committee members,

On behalf of Hawaiʻi Children's Action Network Speaks!, I am writing in strong support of SB 2491, relating to family leave. No one should have to choose between a paycheck and caring for their family. A paid family leave program financed through a payroll deduction is a simple and efficient way to guarantee everyone can be there for their loved ones in their times of need.

Every day our families must decide between being there for a family member or their paycheck. We have had unpaid leave laws in place since the federal government passed the Family and Medical Leave Act in 1993 and Hawaii passed the Hawaii Family Leave Law in 1992. Both of these laws only allow unpaid leave and both programs miss the majority of workers. Federal and state governments have occasionally considered paid family leave but now we are seeing the momentum to pass PFL laws increase. Eight states and Washington DC currently have a paid family leave program and numerous states across the country are looking to adopt their own programs. Hawaii has been researching paid family leave since 1989. Within the last 5 years, the state has produced two studies on paid family leave and its impact on the state. With decades of research behind us, it is time our state takes the next step and pass a paid family leave program.

What is family leave? Family leave is used when you need to care for a loved one or bond with a new child. Unlike our state's temporary disability insurance program, which is for recovery or recuperation for the employee, PFL is for caretaking. In states with a PFL program, most leaves are taken to bond with a new child, care for an ill spouse, or the end of life care for a parent. Everyone will need leave for caregiving at some point in their life.

PFL is especially important for states with a population that skews older, like ours. About 70 percent of the elderly rely solely on informal care from family or friends.[1] Often unseen, unpaid caretaking has a huge impact. According to a 2015 study by AARP, family caregivers in Hawaii provided 144 million hours of care-worth an

[1] Skira, M. (2012), "Dynamic Wage and Employment Effects of Elder Parent Care", https://www.nber.org/programs/ag/rrc/rrc2012/papers/7.2%20Skira.pdf

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estimated $2.1 billion in 2013.[2] Additionally, the majority of caregiving is performed by women and so they are particularly impacted by unpaid leave. Paid family leave is attributed to women staying in the workforce post-pregnancy, having less need for public assistance, and increasing lifetime earnings because women are not leaving the workforce.

Paid family leave is good for business. Family leave helps increase 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 family leave had either a positive or a neutral effect on their business[3]. Small businesses were less likely to report any negative effects. We know our local small business owners treat their employees like family and would want to offer this benefit if they could. A state-run social insurance paid family leave program creates an affordable solution that helps small businesses retain employees without incurring the cost of replacing wages for employees out on leave.

The social insurance program is the most affordable and efficient way to deliver these benefits. All states that have passed a PFL program have social insurance as part of their program. Social insurance is a policy approach designed to achieve universal, affordable coverage for risks that are often expensive and sometimes infrequent. Typically, when financed by workers (and/or their employers), there is a statutorily defined share of each paycheck that is contributed throughout their careers in return for a benefit in times of need. Everyone contributes and everyone can take the benefit.[4] Our current TDI program is entirely private, an anomaly amongst the rest of the country. That means that there is no public option and each employer is responsible for finding and procuring private insurance. This approach is more costly and administratively more burdensome for the business, especially small business. The most recent paid family leave study stated that most private plans increase the cost of the plan between 13% and 15%.[5] Private plans also promote gender disparities, with the cost to insure women higher than men. Having a social insurance program does not mean employers could not add to benefits for their employees. Instead, it creates the floor for all other benefit programs to be built.

We know this can work in Hawaii. Top experts in the area of family leave studied usage, cost, and feasibility of implementation of a family leave insurance program for Hawaii[6]. 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 career. The program outlined in this measure is affordable and designed to be revenue-neutral to the State. 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

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[2] AARP Public Policy Institute "Valuing the Invaluable: 2015 Update", https://states.aarp.org/hawaii-family-caregivers-provide-2-1-billion-in-unpaid-care-sc-hi-wp-advocacy

[3] Applebaum, E. and Milkman, R. (2011) *Leave that pay: Employer and Worker Experiences with Paid Family Leave in California.* http://cepr.net/documents/publications/paid-family-leave-1-2011.pdf

[4] Benjamin W. Veghte, Alexandra L. Bradley, Marc Cohen, Heidi Hartmann, eds. (2019) *Designing Universal Family Care: State-Based Social Insurance Programs for Early Child Care and Education, Paid Family and Medical Leave, and Long-Term Services and Supports* https://www.nasi.org/research/2019/designing-universal-family-care-state-based-social-insurance

[5] Paid Family Leave Impact Study (2019) https://lrb.hawaii.gov/wp-content/uploads/2019_PaidFamilyLeaveProgramImpactStudy.pdf

[6]Glynn, S.J and Hayes, J. (2017) *Hawaii Family Leave Insurance Analysis Report.* https://d3n8a8pro7vhmx.cloudfront.net/goodbeginnings/pages/196/attachments/original/1521088022/Hawaii_Family_Leave_Insurance_Analysis_Report.pdf?1521088022

model to study the use and cost of family leave insurance for Hawaii. The study found that the annual cost to cover sixteen weeks of leave for a worker making $48,000 would be around $58. That's only a little over one dollar per week. The low-cost and high-value of the program means we most move to make it a reality. Our workers can no longer wait.

There is renewed focus on working families this session and an abundance of research that reinforces what families have been saying for years, that every day is a struggle to survive. Many of the policies proposed focus on immediate improvements, things like minimum wage and tax credits that would put money back into families' pockets now. We should also remember that when life changing events occur, like having a baby or a cancer diagnosis for your spouse, that families' economic stability is put in jeopardy. If our families are struggling to make their day to day needs, they cannot prepare for and cannot weather a prolonged period without pay. We see our birth rate declining and we see our families leave (many to CA, WA, and OR-all who have a PFL program). We must take actions to help families now and in the future. Let us make the investment for our families still here and the ones we want to come home.

For these reasons, I respectfully request the committee vote favorably on SB 2491. Mahalo for the opportunity to testify.

Thank you,

Kathleen Algire
Director, Public Policy and Research

Hawaii Women's Coalition

To: Senator Taniguchi, Chair
Senator Ihara, Vice Chair
Senate Committee on Labor, Culture, and the Arts

Re: **SB 2491- Relating to family leave**
Hawai‘i State Capitol, Room
2:45PM, 2/4/2020

Chair Taniguchi, Vice Chair Ihara, and committee members,

Thank you for the opportunity to testify on Senate bill 2491, relating to family leave. The Hawaii Women's Coalition has been a champion of paid family leave since the beginning. Women, as primary caregivers of infants, children and elderly parents, are affected disproportionately by the unavailability of paid family leave. Access to paid family leave makes mothers more likely to return to work after the birth of a child, makes women return to work more quickly, and makes women more likely to return to the same or higher wages than they were earning before they gave birth. Women who take paid parental leave and return to work are 39% less likely to receive public assistance and 40% less likely to receive food stamps than women who do not take paid leave and return to work. Paid family leave will improve the lives of women substantially.

The typical worker cannot afford to take unpaid leave to care for their family, and most are not offered paid leave through their jobs. 48% of Hawai‘i households are struggling to afford basic needs (Aloha United Way 2017 ALICE Report). If families can barely make ends meet while working full-time, often multiple jobs, there is no way they could survive without pay for a prolonged period of time. Paid family leave is an affordable, easy to administer way to keep families afloat during their times of need and help our communities thrive.

Paid family leave is used when you need to care for a loved one or bond with a new child. Eights states and DC of adopted a state paid family leave program. The United States is the only high-income country that doesn't offer paid leave. Out of 41 countries, the US comes in last with 0 weeks of paid leave. Nationally, 1 in 4 women go back to work 10 days after giving birth. If we value families, we need to create policies that support them. No one should be forced to make impossible choices between caring for the people we love and earning the money we need. With a paid family program we can ensure that families have the financial stability they need when life happens.

A state-run, social insurance program gives small businesses an affordable opportunity to provide paid family leave to their employers and remain competitive with larger companies. In a 10-year study of the California family leave insurance, businesses reported that family leave had either a positive or a neutral effect on their business. Small businesses were less likely to report any negative effects.

It's a stark reality when employees face the dire choices of needing to be able to care for newborn children, or sick children, spouses or parents, but also needing to work to sustain their family's income. Providing paid family leave to all workers is an affordable solution to enable workers to take a small number of weeks out of the workforce without having to face the impossible choice between their family member's health and their income or jobs.

Please pass this bill along. Mahalo for the opportunity to testify.

Hawaii Women's Coalition

Committee: Committee on Labor, Culture and the Arts
Hearing Date/Time: Tuesday, February 4, 2020, 2:45 p.m.
Place: Conference Room 224
Re: *Testimony of the ACLU of Hawaiʻi* ***in support of*** *S.B. 2491, Relating to Family Leave*

Dear Chair Taniguchi, Vice Chair Ihara, and Committee Members:

The American Civil Liberties of Hawaiʻi (ACLU of Hawaiʻi) writes **in support of** S.B. 2491, which would establish a social insurance program providing up to sixteen weeks of paid leave for workers to care for a new child or a seriously ill family member.

Paid family leave is, first and foremost, about equal opportunity for all. Nationally, women provide the majority of unpaid care at home, despite also being the primary breadwinner in 41 percent of families with children.[1] Though employees of large companies are afforded up to twelve weeks of *unpaid* leave by the federal Family and Medical Leave Act, this excludes 40 percent of the workforce. Many of those who are technically covered by FMLA are unable to afford to take unpaid leave,[2] but have no meaningful alternatives when faced with a pressing caregiving need. Without paid family leave, these workers face an impossible choice: keep their job or care for their family. And the risks are only exacerbated for women of color, who earn almost half for every dollar earned by white men — and who are less likely to receive paid family leave than other workers.[3]

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[1] SJ Glynn, *Breadwinning Mothers Continue to Be the U.S. Norm*, Center for American Progress (May 10, 2019), https://www.americanprogress.org/issues/women/reports/2019/05/10/469739/breadwinning-mothers-continue-u-s-norm/.
[2] *See* Bd. of Governors of the Fed. Reserve Sys., Report on the Economic Well-Being of U.S. Households in 2017 at 2 (May 2018), https://www.federalreserve.gov/publications/files/2017-report-economic-well-being-us-households-201805.pdf (finding that four out of ten adults do not have access to $400 at any given time).
[3] Ann P. Bartel, Soohyun Kim, Jaehyun Nam, Maya Rossin-Slater, Christopher Ruhm, and Jane Waldfogel, "Racial and ethnic disparities in access to and use of paid family and medical leave: evidence from four nationally representative datasets," *Monthly Labor Review,* U.S. Bureau of Labor Statistics, January 2019, https://doi.org/10.21916/mlr.2019.2.

American Civil Liberties Union of Hawai'i
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Paid family leave is an important civil rights issue, and should be guaranteed to all workers regardless of income level or employer size. For these reasons, the ACLU of Hawaiʻi requests that the Committee support S.B. 2491.

Sincerely,

Mandy J. Fernandes

Mandy Fernandes
Policy Director
ACLU of Hawaiʻi

The mission of the ACLU of Hawaiʻi is to protect the fundamental freedoms enshrined in the U.S. and State Constitutions. The ACLU of Hawaiʻi fulfills this through legislative, litigation, and public education programs statewide. The ACLU of Hawaiʻi is a non-partisan and private non-profit organization that provides its services at no cost to the public and does not accept government funds. The ACLU of Hawaiʻi has been serving Hawaiʻi for over 50 years.

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HAWAII GOVERNMENT EMPLOYEES ASSOCIATION
AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

AFSCME
LOCAL 152, AFL-CIO

The Thirtieth Legislature, State of Hawaii
The Senate
Committee on Labor, Culture and the Arts
Testimony by
Hawaii Government Employees Association
February 4, 2020

S.B. 2491 – RELATING TO FAMILY LEAVE

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the general intent of a paid family leave program, including increasing the amount of time off, as proposed in S.B. 2491, however we raise strong concerns over any legislation that creates an employee mandate to fund.

While we have historically supported the passage of a paid family leave program and recognize that it is long overdue, we must prioritize a thoughtful and systematic approach in the program's creation and implementation. As drafted, it is unclear how the family leave insurance program will be funded. We raise very strong concerns over the vague and ambiguous language on page 8, lines 19 – 21, which states:

> "(a) an employer may deduct and withhold contributions from each employee of up to one-half the cost of providing family leave insurance benefits…"

What is the financial impact on the individual employee who works for a large employer, like the State of Hawaii and will this amount fluctuate over time based on usage? The cost implications for both employees and employers will be the determining factor on whether or not a statewide paid family leave can be implemented. Many of our members live paycheck to paycheck and will not be able to absorb an additional monthly payment, let alone one that can unexpected increase at any time. Further, our members currently utilize their negotiated vacation or sick leave days for family leave, so mandating an additional fee for government employees is not cost beneficial.

We understand the complexity in creating, funding, and maintaining a paid family leave program and want to be part of the solution. Therefore, we prefer further conversation with the various stakeholders to shape a paid family leave policy that works for everyone.

Thank you for the opportunity to testify on S.B. 2491.

Respectfully submitted,

Randy Perreira
Executive Director

HAWAII FOOD INDUSTRY ASSOCIATION

1050 Bishop St. PMB 235 | Honolulu, HI 96813
P: 808-533-1292 | e: info@hawaiifood.com

TO:
Committee on Labor, Culture, and the Arts
Senator Brian T. Taniguchi, Chair
Senator Les Ihara, Jr., Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 4, 2020
TIME: 2:45pm
PLACE: Conference Room 224

RE: SB2491 Relating to Family 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.

This measure is not the right choice for our state.

The recently completed Paid Family Leave Program Impact Study Report looked at 16 Weeks of Leave under a TDI model as the absolute maximum and recommended that any program be implemented over two years but preferably longer. This bill would take effect in 6 months. The Study estimated that any program would create significant costs for the state. It also lacked some information that is critical to understanding exactly how any program will impact the state and the economy.

Hawaii is consistently ranked as one of the worst states in the country to do business. The businesses that feed our state already face a range of challenges including the high cost of labor which is partly due our states expansive employer sponsored health care system. Before we implement another program that could drive up the cost of labor, and potentially lead to business closures, job losses, and higher prices we need a more complete look at the full range of impacts of the program.

If the legislature is looking for common sense ways to bring down the cost of living for Hawaii residents and provide relief for ALICE families removing our regressive tax on groceries would be an excellent way to start.

We encourage the legislature to go back to the drawing board allow time for additional study of leave options, and most importantly to engage with the businesses that drive our economy and would implement the program. We thank you for the opportunity to testify.

Chamber of Commerce HAWAII
The Voice of Business

Testimony to the Senate Committee on Labor, Culture and the Arts
Tuesday, February 4, 2020 at 2:45 P.M.
Conference Room 224, State Capitol

RE: SB 2491, RELATING TO FAMILY LEAVE

Chair Taniguchi, Vice Chair Ihara and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **does not support** SB 2491, which would provide family leave insurance benefits and extends the period of family leave to sixteen weeks for businesses that employ

The Chamber is Hawaii's leading statewide business advocacy organization, representing 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. However, we have concerns that this legislation is not a reasonable, manageable, or an affordable approach in addressing those needs, either from an employee or employer perspective, as well as from a one-size-fits-all approach.

We have significant concerns regarding the impact that this measure will have on the business community in the state. National rankings have continuously ranked Hawaii as having an extremely high cost of running a business. With every additional workplace mandate, the competitive distance is increased, which affects the ability for employers to sustain and create jobs, as well as provide benefits to workers.

We ask that the Committee consider the following points and implications on employers.

The bill changes the amount of family leave from four weeks to sixteen weeks for every twelve-month period, quadrupling the time that an employer is currently required to let an employee leave work. In addition to the increased leave time, the bill also expands the definition of what qualifies under the leave provision, increasing the likelihood of leave being taken. As a result, this creates a huge burden on an employer to try to find coverage for the absent employee during this extended period of time. Employers may need to rely on other employees to help undertake additional responsibilities beyond their current job, which could result in decreased productivity and morale.

Furthermore, this bill also implies that employees will still be able to accrue benefits, particularly paid sick leave, vacation and additional benefits that are provided. The ability to accrue these benefits while on leave will create additional costs for employers. Employers will also still need to pay for other mandates such as taxes for each of their employees while on leave. Not to mention, the level of contributions proposed in this bill by the employee and employer are split into three different tiers based on the employee's average weekly wage. These changes will all lead to burdensome administrative or reporting requirements for employers that will be difficult for employers to oversee and comply with, especially for our smaller businesses.

The recent impact study on paid family leave that was released in November, still brought concerns on what exactly a possible paid family leave program in Hawaii would look like and cost. It was estimated that depending on which model the state adopts, it could cost as much as $58 million to administer when considering states that offer up to sixteen weeks of paid time off. The study was also released in mid-November and revised in December, giving stakeholders and legislators roughly a month to fully digest and consider any recommendations or framework on a program before the start of the 2020 Legislative Session. Finally, we'd also note that the study stated that implementation of such a program would need to be later than the implementation date that this bill currently has.

Lastly, while we appreciate the Legislature indicating their intention to address the cost of living in our state through their joint economic proposal of bills, we have concerns about what type of an impact to the business community that the proposed minimum wage increase included in the package could have if compounded with an implementation of a paid family leave program.

Many businesses offer paid leave programs as a means for attracting and retaining their workforce especially with our low unemployment rates. We need policies that will help Hawaii bring new businesses and support those in existence by encouraging businesses to adopt their own innovative paid leave programs rather than by placing yet another mandate on employers and businesses. Thank you for the opportunity to express our concerns.

HSTA
HAWAII STATE TEACHERS ASSOCIATION
Teaching Today for Hawaii's Tomorrow

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Corey Rosenlee
President

Osa Tui, Jr.
Vice President

Logan Okita
Secretary-Treasurer

Wilbert Holck
Executive Director

TESTIMONY BEFORE THE SENATE COMMITTEE ON
LABOR, CULTURE & THE ARTS

RE: SB 2491 - RELATING TO FAMILY LEAVE

TUESDAY, FEBRUARY 4, 2020

COREY ROSENLEE, PRESIDENT
HAWAII STATE TEACHERS ASSOCIATION

Chair Taniguchi and Members of the Committee:

The Hawaii State Teachers Association **supports SB 2491**, relating to family 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 family 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 paid family leave. 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.

Before the Senate Committee on Labor, Culture and the Arts

DATE: February 4, 2020

TIME: 2:45 p.m.

PLACE: Conference Room 224

Re: SB 2491, Relating to Family Leave

Aloha Chair Taniguchi, Vice-Chair Ihara and members of the committee:

We are testifying on behalf of the National Federation of Independent Business (NFIB) in opposition to SB 2491.

No one has greater incentive, responsibility or ability to lead the economy than Hawaii's small business owners. NFIB Hawaii opposes measures which do not adequately allow for flexibility and take into account the circumstances of individual small businesses. Please defer this bill.

The National Federation of Independent Business is the largest advocacy organization representing small and independent businesses in Washington, D.C., and all 50 state capitals. In Hawaii, NFIB represents nearly 1,000 members. NFIB's purpose is to impact public policy at the state and federal level and be a key business resource for small and independent business.

1099 Alakea Street, Suite 2530, Honolulu, Hawaii 96813 (808) 447-1840

SB-2491
Submitted on: 2/3/2020 5:20:19 PM
Testimony for LCA on 2/4/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Laurie Field	Testifying for Planned Parenthood Votes Northwest and Hawaii	Support	No

Comments:

SB-2491
Submitted on: 2/4/2020 9:03:03 AM
Testimony for LCA on 2/4/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Michael Golojuch Jr	Testifying for LGBT Caucus of the Democratic Party of Hawaii	Support	No

Comments:

RETAIL MERCHANTS OF HAWAII

TESTIMONY OF TINA YAMAKI
PRESIDENT
RETAIL MERCHANTS OF HAWAII
February 4, 2020

Re: SB 2491 Relating to Family Leave

Good afternoon Chair Taniguchi and members of the Senate Committee on Labor Culture and the Arts. I am Tina Yamaki, President of the Retail Merchants of Hawaii and I appreciate this opportunity to testify.

The Retail Merchants of Hawaii (RMH) is a statewide not-for-profit trade organization committed to supporting the retail industry and business in general in Hawaii. The retail industry is one of the largest employers in the state, employing 25% of the labor force.

The Retail Merchants of Hawaii is in **OPPOSITION** of SB 2491 Relating to Family Leave. This measure provides family leave insurance benefits and extends period of family leave to sixteen weeks for businesses that employs one or more employees who meet the hourly qualifications.

While we recognize the study done by the state on family leave and are concerned about employees' wellbeing, many employers already offer benefits that include significant paid time off to those employees who have earned it in addition to the mandated family leave for employees to care for their family who are ill and ensure that their jobs are secure when they return to work. Furthermore, Hawaii mandates medical insurance coverage for employees' healthcare.

Mandating a paid family leave provision today would impact the cost of living in Hawaii where people are already complaining about the high prices of homes, food, utilities… Paid family leave has additional costs beyond the compensation the employer has to pay to the individual taking family leave that include but are not limited to the employer paying another employee to fill in for the absent individual as well as administrative costs to manage the program and the fact that some employees abuse these types of paid leave programs.

Businesses are very sensitive to the finite price points customers are willing to pay. Retailers are sometimes not able to absorb all of the costs associated with these types of government mandates and have to pass the cost on by raising prices of goods and services. When that happens, some employee special benefits may no longer be offered (i.e. additional employee discounts); employees may be laid off or replaced with automation like self-check-out lines or in the worst cases businesses just close. In the last 3 years alone over 80 retailers have closed at least one if not all of their locations in Hawaii. Those are just the ones that have been reported in the news. Many shops, especially small businesses just close quietly.

Retailers are already operating on a very thin margin. We are anticipating that there will be a jump in minimum wage, as well as continued rising cost for employee health care benefits, goods, services that impact operations. We are already seeing some businesses struggling. Policy makers should be focusing on eliminating obstacles to business growth, job creation and economic stability and not adding additional costs that employers cannot afford.

We respectfully ask that you hold this measure. Mahalo again for this opportunity to testify.

3610 Waialae Ave • Honolulu, HI 96816 (808) 592-4200 tyamaki@rmhawaii.org

Lin Joseph
State Director
Maternal and Child Health &
Advocacy and Government Affairs
Hawaii
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hjoseph@marchofdimes.org
MARCHOFDIMES.ORG

February 3, 2020

To: Honorable Brian Taniguchi
Honorable Les Ihara

From: Lin Joseph
Director of Maternal & Child Health &
Advocacy and Government Affairs
March of Dimes Hawaii

Re: In strong support of
SB 2491
Hearing: Tuesday February 4, 2020
Conference Room 224, State Capitol

Chair Taniguchi, Vice Chair Ihara, Members of the Committee:

I am writing in strong support of SB 2491, Relating to Family Leave.

For more than 80 years, the March of Dimes has been a leader in maternal and child health. Our mission is to lead the fight for the health of all moms and babies.

The family leave insurance benefits proposed in SB 2491 would provide coverage for eligible employees for up to sixteen weeks for their own serious health condition, including pregnancy and childbirth recovery, or adoption, as well as the serious health condition of a family member.

The U.S. is the only industrialized nation that does not offer working mothers paid time off to care for a newborn child. Almost every worker in Hawaii will face the demands of having a baby, developing a serious illness, or needing to care for a sick loved one at some point in their lives. In those cases, retaining some level of income can mean the difference between being able to maintain stability and financial independence versus facing the challenges of having no income to support themselves and their loved ones.

A study of the economy-wide benefits of paid family leave programs in California and New Jersey, funded by the March of Dimes, found that implementation of a state paid family leave policy increases the labor force participation of mothers by six percentage points in the year of a birth, effectively reducing birth-year maternal labor market detachment by 20 percent. Paid family leave increases women's labor market participation in the longer term as well. Up to five years after a birth, women who had access to paid family leave at the time of the birth are three to six percentage points more likely to be in the labor force. This represents a 20-50 percent reduction in maternal labor market detachment five years after a birth.[1]

In Hawaii, approximately 1 in 10 babies is born prematurely (before 37 weeks gestation). Many of these families will spend the first days, or weeks or months of their child's life in a neonatal intensive care unit (NICU). The social, emotional and financial impact for these families is devastating. Paid leave can allow families to be a crucial member of their babies care team while in the hospital and to be present and prepared upon the transition to home. Paid leave is also associated with better birth outcomes and greater duration of breastfeeding.

March of Dimes supports passage of SB 2491 to provide family leave insurance benefits and extend the period of family leave to sixteen weeks.

Mahalo for your commitment to improving the health of women and children. I respectfully ask for your kokua in supporting SB 2491.

[1] "Maternal Labor Market Detachment: A role for paid family leave" by Kelly Jones and Britni Wilcher. American University Department of Economics Working Paper No 2019-07. The full research paper can be accessed here: https://econpapers.repec.org/paper/amuwpaper/2019-07.htm

February 3, 2020

To: Committee on Labor and Public Employment
Date: Tuesday, Feb. 4, 2020, 9:30 a.m.
Place: Conference Room 309 State Capitol
Re: Testimony in strong support of HB 2219 and SB 2491 Related to Family Leave

Dear Chair Johanson and Members of the Committee:

Thank you for the opportunity to testify in SUPPORT of SB 2491 and HB 2219, and we believe that after 20 years of studying this issue, families in Hawaii can no longer wait. We need to adopt a state-run, job protected, partial wage replacement paid family leave program. When everyone has paid time to care for their families, the benefits flow to their families, communities, and our state as a whole.

The typical worker cannot afford to take unpaid leave to care for their family, and most are not offered paid leave through their jobs. 48% of Hawaiʻi households are struggling to afford basic needs (Aloha United Way 2017 ALICE Report). If families can barely make ends meet while working full-time, often multiple jobs, there is no way they could survive without pay for a prolonged period of time. Paid family leave is an affordable, easy to administer way to keep families afloat during their times of need and help our communities thrive.

Paid family leave is used when you need to care for a loved one or bond with a new child. Eights states and DC of adopted a state paid family leave program. The United States is the only high-income country that doesn't offer paid leave. Out of 41 countries, the US comes in last with 0 weeks of paid leave. Nationally, 1 in 4 women go back to work 10 days after giving birth. If we value families, we need to create policies that support them. No one should be forced to make impossible choices between caring for the people we love and earning the money we need. With a paid family program we can ensure that families have the financial stability they need when life happens!

According to the Society for Human Resource Managers 2019 Employee Benefits Survey, more employees are demanding paid family leave. Paid family leave is associated with:

- Increased worker productivity
- Increased engagement
- Better physical wellness

A state-run, social insurance program gives small businesses an affordable opportunity to provide paid family leave to their employers and remain competitive with larger companies. In a 10-year study of the California family leave insurance, businesses reported that family leave had either a positive or a neutral effect on their business. Small businesses were less likely to report any negative effects.

healthymothers
healthybabies
COALITION OF HAWAII

It’s a stark reality when employees face the dire choices of needing to be able to care for newborn children, or sick children, spouses or parents, but also needing to work to sustain their family’s income. Providing paid family leave to all workers is an affordable solution to enable workers to take a small number of weeks out of the workforce without having to face the impossible choice between their family member’s health and their income or jobs.

Thank you for this opportunity to testify in support of this important legislation.

Sincerely,

Sunny Chen
Executive Director

SB-2491
Submitted on: 2/2/2020 11:53:09 PM
Testimony for LCA on 2/4/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
James Haynes	Individual	Oppose	No

Comments:

SB-2491
Submitted on: 2/1/2020 6:40:48 PM
Testimony for LCA on 2/4/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Caroline Kunitake	Individual	Support	No

Comments:

Dear Chair Brian Taniguchi and Members of the Committee on Labor, Culture and the Arts,

I am writing support of SB 2491. Please support SB 2491.

We need to find creative and practical ways to support working families in Hawaii. Paid family is leave on one avenue that can be part of this solution. The cost of living in Hawaii is so high, working families are leaving the islands for the mainland. A paid family leave program will help to ease that high cost of living so that people will have time to take care of their children.

Mahalo,

Caroline Kunitake

SB-2491
Submitted on: 2/2/2020 11:38:39 PM
Testimony for LCA on 2/4/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Lea Minton	Individual	Support	No

Comments:

TO: Senate Committee on Labor, Culture, and the Arts
Senator Brian T. Taniguchi, Chair
Senator Les Ihara, Jr., Vice Chair

DATE: Tuesday, February 4, 2020 at 2:45PM

PLACE: Hawaii State Capitol, Conference Room 224

FROM: Jennifer Chin, ACOG Hawaii Section Junior Fellow Legislative Chair

Re: SB 2491-Relating to Family Leave
Position: SUPPORT

Dear Chair Taniguchi and Vice Chair Ihara,

As a practicing obstetrician/gynecologist, I know the importance of paid family leave to advance the health of women and their children. I **strongly support SB 2491** as it helps to foster the health of Hawaii's families.

I see many patients in clinic who have to piece together sick leave, vacation, unpaid time off, etc. in order to take care of their newborns. Many mothers and fathers return to work sooner than is medically recommended because they cannot afford not to. The year after delivery is a critical time for mothers, babies, and families to bond. Because of pressure from work, babies are not able to bond with their parents and are more likely to miss their medical appointments, vaccinations, and breastfeeding, all of which we know greatly benefit babies.

SB 2491 also advances social and economic justice for the people of Hawaii. Currently, only the highest-paid workers are able to access paid family leave, which creates a class divide between those who are able to stay home with their babies and those who are unable to. Unfortunately, low-wage workers, hourly workers, and Native Hawaiian and Pacific Islander workers are less likely to be covered under the existing Family and Medical Leave Act, which leaves some of our most vulnerable families unable to stay home to take care of their newborn babies.

With paid family leave, women will be more likely to stay in the workforce and less likely to rely on public assistance. This strengthens the economy of Hawaii and ensures that women are able to care for their families and themselves. As a women's healthcare provider, I know the importance of women being able to care for their newborn babies and maintain their income when they are healthy and ready to return to work.

In conclusion, I **strongly support SB 2491** and urge you to do the same. Thank you for the opportunity to testify.

Sincerely,
Jennifer Chin
Obstetrics and Gynecology Chief Resident
ACOG Hawaii Section Junior Fellow Legislative Chair

SB-2491
Submitted on: 2/2/2020 7:51:26 PM
Testimony for LCA on 2/4/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Rhea R. Lee-Moku	Individual	Oppose	No

Comments:

Thank you for the opportunity to provide testimony on this bill. I oppose this bill as I believe it will create undue hardship on businesses in several ways. This bill will require employers to pay into a fund for paid family leave which will increase their expenses. Many of our local businesses are barely scraping by and this added expense, coupled with other requirements the employer has to meet, may lead to business closure. Additionally, this bill requires 16 weeks of leave be made available to qualified employees each year. How will the work get done? Will employers now have to hire replacement employees which will further increase their expenses?

Instead of imposing even more restrictions to businesses, please consider making Hawaii more attractive to business so we can grow our economy and create the environment for the growth of good paying jobs for everyone.

SB-2491
Submitted on: 2/3/2020 2:44:59 PM
Testimony for LCA on 2/4/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Deena Klotzman	Individual	Support	Yes

Comments:

SB-2491
Submitted on: 2/3/2020 3:21:41 PM
Testimony for LCA on 2/4/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
JoAnn Farnsworth	Individual	Comments	No

Comments:

Hawaii’s workers and businesses need paid family leave (PFL). A PFL program enables workers to take time off during major life events and helps businesses retain key employees and remain competitive. The Family and Medical Leave Act (FMLA) and Hawaii Family Leave Law (HFLL) leave out a significant portion of Hawaii’s workforce, and neither law offers paid time off from work. This means that even those who technically qualify for unpaid family leave under state or federal law may not be able to afford to take adequate time off to meet their family’s needs.

Elements of a strong Paid Family Leave policy for Hawaii (and elements of the bill):

o Social insurance model

o No carve-outs: All employees covered, regardless of employer size.

o Sixteen weeks of paid leave from work to care for a new child (biological, adopted, or foster) or a sick/injured family member

o Broad definition of “family”

o Job protection: Workers won’t feel safe taking leave if they could lose their job because of it.

SB-2491
Submitted on: 2/3/2020 4:35:35 PM
Testimony for LCA on 2/4/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
marissa oyadomari	Individual	Support	No

Comments:

I was born and raised in Hawaii but spent the last 13+ years in California working. California, specifically San Francisco, had incredible Family Leave policies that enabled me to care for my new child. The time I spent personally recovering from delivery and time to raise my new child was indispensible. I suffered from post-partum depression and credit the SF Parental Leave for allowing me to fully recover.

I recently moved back to Hawaii and am consdiering growing our family with another child and reading about the current policies is haert-breaking. How can a state who says they value Family, offer such a limited time for parents to care for their children? Businesses need to undestand that that they need to offer and protect their employees who despserately need this time together. It's a moment in time that will create an environment that will pay-off long term.

I feel very strongly about increased Family Leave and hope you advocate on behalf of my family.

taniguchi4 - Joel

From: LCATestimony
Sent: Monday, February 3, 2020 8:26 PM
To: taniguchi3 - Jarret; taniguchi4 - Joel
Subject: FW: Submit Testimony on Senate Bill that Would Expand Family Leave Requirements

SB 2491 Family Leave

From: H Adaniya <mwqvqouerrlkosv@ujoin.co>
Sent: Monday, February 3, 2020 12:43 PM
To: LCATestimony <LCATestimony@capitol.hawaii.gov>
Subject: Submit Testimony on Senate Bill that Would Expand Family Leave Requirements

From: domo2000@yahoo.com <H Adaniya>

Message:

With an already low employment pool and I relatively unmotivated work ethic here, this bill encourages an attitude that work is about how much time you can get off of it. Current law and generalized culture in Hawai is already crippling to business. Take 16 weeks off to think about it.

Aloha Senate Labor Committee Members,

I respectfully ask that you defer SB 2491. This bill would provide family leave insurance benefits and extends the period of family leave to sixteen weeks for businesses that employ one or more employees who meet the hourly qualifications.

I understand and appreciate the intent of these bills to allow for paid leave in the workplace and agree that citizens need to balance the needs of both work and family. However, I have concerns about how this proposal would impact businesses across Hawaii. As you are aware, the cost of running and maintaining a business in Hawaii remains extremely high and becomes more and more difficult with each additional workplace mandate.

Additionally, this bill does not provide much clarity on the ultimate cost this would have on employers. The recent study analyzing the impact of a paid family leave program for Hawaii showed that it could cost as much as $58 million a year, depending on which model the state would implement.

Under SB 2491, the implementation date is July 2020. However, the study noted that 2021 is the earliest that Hawaii could implement a program, with 2022 or 2023 as more realistic options. Rushing implementation could lead to unintended errors and issues.

We need to create policies that will help Hawaii bring in new businesses and support those in existence by encouraging them to adopt their own innovative paid leave programs rather than placing yet another mandate on employers and businesses.

H Adaniya

taniguchi4 - Joel

From: LCATestimony
Sent: Monday, February 3, 2020 8:28 PM
To: taniguchi3 - Jarret; taniguchi4 - Joel
Subject: FW: Submit Testimony on Senate Bill that Would Expand Family Leave Requirements

SB 2491 Family Leave

From: James Chan <pjorsbwkewolvqq@ujoin.co>
Sent: Monday, February 3, 2020 1:15 PM
To: LCATestimony <LCATestimony@capitol.hawaii.gov>
Subject: Submit Testimony on Senate Bill that Would Expand Family Leave Requirements

From: jim@hawaiianchipcompany.com <James Chan>

Message:

Making Paid Family Leave a mandatory requirement would force me to start eliminating a number of full time employment opportunities. My business cannot add this to its budget and continue paying for medical benefits.

Aloha Senate Labor Committee Members,

I respectfully ask that you defer SB 2491. This bill would provide family leave insurance benefits and extends the period of family leave to sixteen weeks for businesses that employ one or more employees who meet the hourly qualifications.

I understand and appreciate the intent of these bills to allow for paid leave in the workplace and agree that citizens need to balance the needs of both work and family. However, I have concerns about how this proposal would impact businesses across Hawaii. As you are aware, the cost of running and maintaining a business in Hawaii remains extremely high and becomes more and more difficult with each additional workplace mandate.

Additionally, this bill does not provide much clarity on the ultimate cost this would have on employers. The recent study analyzing the impact of a paid family leave program for Hawaii showed that it could cost as much as $58 million a year, depending on which model the state would implement.

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We need to create policies that will help Hawaii bring in new businesses and support those in existence by encouraging them to adopt their own innovative paid leave programs rather than placing yet another mandate on employers and businesses.

James Chan

Small Business Owner

Honolulu

Hawaii

taniguchi4 - Joel

From: LCATestimony
Sent: Monday, February 3, 2020 8:27 PM
To: taniguchi3 - Jarret; taniguchi4 - Joel
Subject: FW: Submit Testimony on Senate Bill that Would Expand Family Leave Requirements

SB 2491 Family Leave

From: Mike Miyahira <objtjhcowufbknf@ujoin.co>
Sent: Monday, February 3, 2020 12:45 PM
To: LCATestimony <LCATestimony@capitol.hawaii.gov>
Subject: Submit Testimony on Senate Bill that Would Expand Family Leave Requirements

From: miyahira@hawaiiantel.net <Mike Miyahira>

Message:

Aloha Senate Labor Committee Members,

I respectfully ask that you defer SB 2491. This bill would provide family leave insurance benefits and extends the period of family leave to sixteen weeks for businesses that employ one or more employees who meet the hourly qualifications.

I understand and appreciate the intent of these bills to allow for paid leave in the workplace and agree that citizens need to balance the needs of both work and family. However, I have concerns about how this proposal would impact businesses across Hawaii. As you are aware, the cost of running and maintaining a business in Hawaii remains extremely high and becomes more and more difficult with each additional workplace mandate.

Additionally, this bill does not provide much clarity on the ultimate cost this would have on employers. The recent study analyzing the impact of a paid family leave program for Hawaii showed that it could cost as much as $58 million a year, depending on which model the state would implement.

Under SB 2491, the implementation date is July 2020. However, the study noted that 2021 is the earliest that Hawaii could implement a program, with 2022 or 2023 as more realistic options. Rushing implementation could lead to unintended errors and issues.

We need to create policies that will help Hawaii bring in new businesses and support those in existence by encouraging them to adopt their own innovative paid leave programs rather than placing yet another mandate on employers and businesses.

Mike Miyahira

taniguchi4 - Joel

From: LCATestimony
Sent: Monday, February 3, 2020 8:25 PM
To: taniguchi3 - Jarret; taniguchi4 - Joel
Subject: FW: Submit Testimony on Senate Bill that Would Expand Family Leave Requirements

SB 2491 Family Leave

From: Jennifer Sakamoto <sfxgvbweledxseu@ujoin.co>
Sent: Monday, February 3, 2020 11:13 AM
To: LCATestimony <LCATestimony@capitol.hawaii.gov>
Subject: Submit Testimony on Senate Bill that Would Expand Family Leave Requirements

From: jen.sakamoto@gmail.com <Jennifer Sakamoto>

Message:

Aloha Senate Labor Committee Members,

I respectfully ask that you defer SB 2491. This bill would provide family leave insurance benefits and extends the period of family leave to sixteen weeks for businesses that employ one or more employees who meet the hourly qualifications.

I understand and appreciate the intent of these bills to allow for paid leave in the workplace and agree that citizens need to balance the needs of both work and family. However, I have concerns about how this proposal would impact businesses across Hawaii. As you are aware, the cost of running and maintaining a business in Hawaii remains extremely high and becomes more and more difficult with each additional workplace mandate.

Additionally, this bill does not provide much clarity on the ultimate cost this would have on employers. The recent study analyzing the impact of a paid family leave program for Hawaii showed that it could cost as much as $58 million a year, depending on which model the state would implement.

Under SB 2491, the implementation date is July 2020. However, the study noted that 2021 is the earliest that Hawaii could implement a program, with 2022 or 2023 as more realistic options. Rushing implementation could lead to unintended errors and issues.

We need to create policies that will help Hawaii bring in new businesses and support those in existence by encouraging them to adopt their own innovative paid leave programs rather than placing yet another mandate on employers and businesses.

Jennifer Sakamoto

Aiea

Hawaii

SB-2491
Submitted on: 2/3/2020 5:42:07 PM
Testimony for LCA on 2/4/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Angelina Mercado	Testifying for Hawaii State Coalition Against Domestic Violence	Support	No

Comments:

SB-2491
Submitted on: 2/4/2020 8:28:57 AM
Testimony for LCA on 2/4/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Kristine Crawford	Individual	Support	No

Comments:

Hawaii Credit Union League
Your Partner For Success
Unite for Good

1654 South King Street
Honolulu, Hawaii 96826-2097
Telephone: (808) 941.0556
Fax: (808) 945.0019
Web site: www.hcul.org
Email: info@hcul.org

Testimony to the Senate Committee on Labor, Culture, and the Arts
Tuesday, February 4, 2020, 2:45 pm
State Capitol, Room 224

Testimony on Opposition to SB 2491– Relating to Family Leave

To: The Honorable Brian Taniguchi, Chair
The Honorable Les Ihara, Jr., Vice-Chair
Members of the Committee

My name is Stefanie Sakamoto, and I am testifying on behalf of the Hawaii Credit Union League, the local trade association for 51 Hawaii credit unions, representing over 800,000 credit union members across the state.

We are in opposition to SB 2491, Relating to Family Leave. While we appreciate and understand the intent of this bill to allow for various types of paid leave in the workplace, we are concerned about the cost, management, and oversight of such a system. Many employers, such as credit unions, already offer generous paid leave packages to employees. Having a requirement in the law such as this may have an unintended, adverse effect on employees who already receive paid leave through their employer. This bill may also be a hardship upon small businesses.

In addition, this bill would establish the paid family leave insurance fund. We are concerned about the cost and management of such a fund. The contribution of money into this fund by employees may have an adverse effect on the cost of running a business in Hawaii.

Thank you for the opportunity to provide comments on this issue.

SB-2491
Submitted on: 2/4/2020 12:07:05 PM
Testimony for LCA on 2/4/2020 2:45:00 PM

Submitted By	Organization	Testifier Position	Present at Hearing
Sara Harris	Individual	Support	No

Comments:

Steven Clayburn

Senior Actuary, Health Insurance & Reinsurance
February 3, 2020

Re: HB 2219 and SB 2491 – Paid Family and Medical Leave Programs

Greetings:

The American Council of Life Insurers (ACLI) advocates on behalf of 280 member companies dedicated to providing products and services that promote consumers' financial and retirement security. Ninety million American families depend on our members for life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, dental, and vision and other supplemental benefits. ACLI represents member companies in state, federal and international forums for public policy that supports the industry marketplace and the families that rely on life insurers' products for peace of mind. ACLI members represent 94 percent of industry assets in the United States. ACLI appreciates the opportunity to provide comments as to our opposition of the two paid family and medical leave (PFML) bills as currently written. The proposed legislation would create a state-run only PFML program while ignoring similar benefits already offered by employers and provided by the insurance industry.

<u>Overview</u>
For decades, disability insurers have been providing American workers with income protection when a medical condition keeps them out of the workplace. In 2017 alone, this private insurer-based system paid American workers more than $20 billion as they recovered from conditions that kept them from their jobs.[1] As Hawaii legislators look at the possibility of a state PFML program, disability insurers understand this effort and note that they can provide employers with additional options to help them provide employees with the coverage they need.

Based on our experience in the private market and in other states that have considered a state PFML program, we urge Hawaii legislators to understand the program design and implementation challenges that result from this benefit program – as highlighted below – including the interplay with the existing private market, the need for precision and clarity in program design, and finally, the significant challenge in standing up a program of this scale and educating consumers and businesses prior to implementation.

[1] Calculation based on NAIC 2017 Annual Statement Data

Existing Private Market Should Not Be Ignored or Eliminated in any PFML Program

Currently, seven out of eight states have passed paid family and medical leave/disability laws that allow disability insurers to work with employers to create plans that meet or exceed the statutory requirements.[2] Short-term disability income policies address the same needs as paid medical leave – that is, pay for employees who cannot work due to their medical condition during a specified period of time. The private market is both a highly regulated and highly competitive industry. Millions of Americans already have income replacement benefits through their workplace. Nearly 40% of American workers are currently covered by private-sector short-term disability policies that provide income protection while they deal with their own serious medical condition, including paid medical leave for women recovering from childbirth.[3] Approximately 74% of the private short-term disability policies provide American workers with 60% or more of their compensation during their leave.[4] Of this short-term disability income market, 75% of short-term policies provide a maximum of 22 weeks of income replacement benefits, and 50% of short-term policies provide a maximum of 26 weeks of income replacement benefits.[5]

In addition to offering the policies and having the infrastructure to support administration, insurers help employers comply with unpaid leave requirements and accommodation services. Workers depend on their employers to help navigate the multiple and not always consistent benefits available at the employer level, the state level, and/or the federal level. Insurers have helped to facilitate employers' compliance with the various leave programs, paid and unpaid. This facilitation occurs because employers have trusted these companies' experience, expertise, and understanding of the entitlements under the various federal, state, and municipal laws which sometimes may overlap and other times may have different (and sometimes competing) eligibility rules, leave entitlements, and administration requirements. Competition has driven better services and better value for employers and employees. Accordingly, any PFML program should include at a minimum an option for private plan administration by insurance carriers on a self-insured and fully insured basis.

Unintended Consequences

Creating a State-run only program that excludes the well-established private expertise and infrastructure could lead to the following unintended consequences:

- Workers may miss out on additional benefits for which they are eligible. This could occur because the State PFML program is solely focused on benefits it provides and is not also administering or necessarily acknowledging all potential benefits available for the employee. This could create undue burden for the program as they receive calls from employees about other benefits to which they might be entitled but do not fall within their knowledge or expertise (i.e., federal unpaid but job protected FMLA, State sick/PTO leaves, etc.).
- Possibility of a coverage gap for an employee. An employer, if mandated to offer the State plan only, may choose to discontinue comparable or more robust coverage provided by the private market without understanding the differences and the gaps in coverage that may result. A coverage gap may be created due to:
    - the duration of the PFML program for the employee not addressing longer-term disabilities of the employee;
    - less paid benefits duration for the employee's own medical needs, if the employee also took time for paid family leave; or
    - the wage replacement percentages falling below a fixed percentage (e.g., 60%) of an employee's normal wages, since the State program sliding scale would be focused on lower wage earners.

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[2] California, Connecticut, Massachusetts, New Jersey, New York, Oregon and Washington permit private/voluntary plans; Rhode Island does not.

[3] https://www.bls.gov/ncs/ebs/benefits/2017/ownership/civilian/table16a.pdf

[4] https://www.bls.gov/ncs/ebs/benefits/2017/ownership/civilian/table26a.pdf

[5] https://www.bls.gov/ncs/ebs/benefits/2017/ownership/civilian/table25a.pdf.

<u>Benchmark Against Existing Programs</u>
It is imperative for any sustainable program, especially one contemplated by the two bills, to review true actuarial projections. As part of that exercise, one should test cost projections for reasonability through comparisons to similar programs in other states. Although the bills do not provide specifics, there are many factors that need to be reviewed. Examples of the more impactful items to review include eligibility requirements, benefit amount/duration, sustainability of the contribution model, and definitions of "family member" and "serious health conditions." Also, we encourage comparison of like programs. The comparison should be mindful that many of the more recent state programs have not yet been fully implemented and the full cost of those programs are not yet known. This review will help to ensure financial stability of the program adopted. A dissimilar comparison may result in an underestimation of benefits and costs.

<u>Realistic Implementation Timelines in Legislation</u>
A viable, solvent PFML program is the result of realistic timelines outlined in legislation. There needs to be sufficient time for regulations to be completed prior to the State's collection of premiums. This time should include ample comment periods to receive feedback from all stakeholders for review and discussion. There should also be a unified approach, rather than a phased approach, to the regulatory process wherein regulations are drafted and considered in their entirety. For the employer, there needs to be enough time to identify their actions for compliance. For example, providing the necessary notification of the program to their employees. Employer compliance timelines should be part of the discussion when promulgating regulations.

<u>Insurance Division Involvement Should Occur</u>
The ACLI encourages any PFML program to include the Insurance Division in the implementation process. As currently written, the bills do not encourage or even mention the Insurance Division; they just update the unemployment statutes. Leveraging the Division's expertise would benefit any potential PFML program. Insurers must file and receive approval from the Division for short-term disability policies while following established regulation for disability income products and could do the same for newly developed products for any established PFML program. This coordination is particularly relevant, and has been shown to be effective in states, to providing seamless coordination of benefits between PFML and short-term disability policies where other income benefits are generally offset from short-term disability benefits. Involving the Division in the development of regulations is critical to minimizing disruption to existing employee benefit programs. There is specific expertise at various state agencies and divisions; and establishing an open line of communication between the agency tasked to create/develop the PFML program and already established infrastructures within the State will help avoid potential missteps and/or conflicting regulations. Furthermore, there are extensive privacy protocols for handling and obtaining medical information that are overseen by the Division already. Again, many nuances that are not contemplated in the two PFML bills.

<u>Separate Medical Leave and Family Leave (Bonding/Care)</u>
Any PFML program should consider separating the medical leave components for employees from the family leave portion. Splitting coverage and allowing employer policies administered through a private carrier to satisfy many statutory requirements to cover an employee's own medical condition would reduce the administration burden on both the employer and State administrator. For ease of administration, maximum benefit period durations can be calculated separately without coordination. Separating medical leave and bonding leave will also help avoid discrimination as it would clarify what each leave is for and avoids confusion among employees (for example, where a partner claims discrimination due to bonding leave and medical leave not matching). By separating the types of leave, pricing could be established for each leave and the respective leave premiums could be charged accordingly. Premiums could be remitted to the covering plan, be it private plans or

the State plan. Again, using what is already established without eliminating existing disability insurance programs will benefit a newly formed program. These bills do not contemplate separation of medical leave and family leave, and as previously noted, they ignore the already established marketplace for employers.

General Comments on Plan Details in PFML Legislation

We request that the authors avoid vague provisions in legislation. Precise, clear provisions and definitions ensure that benefit administration and utilization occur as intended and supports program cost predictability. PFML language should be consistent with existing state and federal law. For example, each state program can use the "eligible employee" definition already existing in your state or the federal FMLA rather than creating a new definition. Utilizing what has already been created will help lead to ease of administration of the program. Appropriate exclusions should be included in legislation (for example, exclusions for self-inflicted injury, alcohol/drug use, crime, etc.)

Additionally, developing a policy template, in coordination with the Insurance Division, should be considered. A template helps streamline the review and approval process for the state and employers and sets expectations for what is covered by the program or private plan. Such uniformity will help the implementation and administration of the plan be more efficient and cost effective. ACLI member companies bring a wealth of knowledge based on recent experience in several states on how to develop a well-run administration process for determining eligibility, paying benefits, and reporting. This reiterates the need for any PFML program to include the private market.

Ensure an Incentive to Return to Work

Private carriers have worked extensively on their return to work programs. This helps employees stay engaged in their careers, helps employers retain good employees, and helps keep costs under control. Most state PFML programs limit the approved absence benefits to 12 weeks, which is consistent with the federal FMLA. While there are varying limits to income replacement in the private short-term disability market, the typical income replacement rate is 60%. To address lower wage earners, instead of a cumbersome progressive formula that can be difficult to administer and hard for employees to calculate, perhaps consider a higher percentage replacement; for example, 70% of pay if the employee is earning below the state average weekly wage (SAWW), and 60% of pay if the employee is earning above the SAWW.

Any legislation should expressly provide that the state leave runs concurrently with unpaid FMLA, as intended by the federal FMLA, and other potentially available leave programs where the leave reason and eligibility overlap (e.g., Hawaii's existing family care, adoption, organ donor, domestic abuse, or other unpaid leave entitlements). It is important to note that the FMLA already allows many employees to take up to 12 weeks of job protected leave for family and medical leaves of absence. This helps to discourage over-insurance, lowers the probability of an employee becoming complacent and staying away from work, and provides clarity for employers' work/staffing schedules. We note that legislators should recognize that plan design may influence employee behavior and strike a balance between the needs of both employees and employers by providing employees these paid leaves in their time of need while still caring for employers' productivity needs.

Conclusion

In conclusion, the ACLI appreciates the opportunity to provide our rationale as to why we oppose the bills as currently written. We hope you find our comments and suggested considerations useful and meaningful as you continue to gather information regarding these bills and PFML programs in general.

Sincerely,

Steven M. Clayburn

Steven M. Clayburn, FSA, MAAA

cc: Oren Chikamoto, ACLI Legislative Counsel
Joann Waiters, ACLI Regional Vice President

Breastfeeding Hawaii
P.O. Box 4270
Kaneohe, Hawaii 96744

TO: Senator Brian Taniguchi, Chair.
Senator Les Ihara, Jr. Vice Chair
Members of the Committee on Labor, Culture and the Arts

FROM: Patricia Bilyk, RN, MPH, MSN, IBCLC (Retired)
Breastfeeding Hawaii Board Member
Maternal Infant Clinical Nurse Specialist

RE: SB2491 Relating to Family Leave

Good Afternoon Chair Taniguchi, Vice Chair Ihara, and Members of the Committee on Labor, Culture and the Arts. I am Patricia Bilyk, a Breastfeeding Hawaii Board Member. Today I am speaking for Breastfeeding Hawaii IN SUPPORT of SB2491.

Breastfeeding Hawaii is a non profit 501c3 organization who supports, protects and promotes breastfeeding in the State of Hawaii. The Organization further works to educate the public, businesses and health professionals on the long term value of breastfeeding to our community, and the woman and her infant, and the importance of longer leave period for the new mother before returning to work.

Daily the Board of Breastfeeding Hawaii and other Breastfeeding Supporters in the State, work with families who must choose between taking time away from work to care for their new baby or a sick infant and receiving a paycheck. No one should be in that position!

At the present time, 8 states, the District of Columbia and Federal Employees have adopted Paid Family Leave Programs. The US is the only high income country in the World, that does not offer Paid Family Leave Program for all employees.

According to the Society for Human Resources Manages 2019-Employee Benefits Survey, more employees are demanding Paid Family Leave. According to this Survey, Paid Family Leave was associated with 1) increased worker productivity, 2) increased engagement in the workplace/job and 3) better physical wellness.

Hawaii needs to adopt a State run, job protected, partial wage replacement Paid Family Leave Program. Such a Program guarantees that the employee, often a woman, is able to care for her baby, or a spouse with a serious illness or an elderly dying parent without concern for surviving without pay for a prolonged period of time.

Components of a State run Paid Leave Program would include but are not be limited to:
**16 weeks wage replacement

**all employees/employers contribute
**covers life events such as new baby, sick spouse
**broad definition of family
**job protection
**opt in for self employed individual
**education for employers and employees on Program
**progressive wage replacement
**Department of Labor administer Program

We strongly encourage this Committee to be pono and do the right thing for Hawaii families this year by creating a MUCH NEEDED Paid Family Leave Program that is sensitive to the needs of all families!

taniguchi4 - Joel

From: LCATestimony
Sent: Tuesday, February 4, 2020 6:01 PM
To: taniguchi4 - Joel
Subject: FW: Submit Testimony on Senate Bill that Would Expand Family Leave Requirements

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From: Brian Mc Kenna <olqyjxznhimydfg@ujoin.co>
Sent: Tuesday, February 4, 2020 4:50 AM
To: LCATestimony <LCATestimony@capitol.hawaii.gov>
Subject: Submit Testimony on Senate Bill that Would Expand Family Leave Requirements

From: brianm.eiint@gmail.com <Brian Mc Kenna>

Message:

As a small business owner in Hawaii small business cannot afford anymore workplace mandates. Extending family leave to 16 weeks is absurd.

Aloha Senate Labor Committee Members,

I respectfully ask that you defer SB 2491. This bill would provide family leave insurance benefits and extends the period of family leave to sixteen weeks for businesses that employ one or more employees who meet the hourly qualifications.

I understand and appreciate the intent of these bills to allow for paid leave in the workplace and agree that citizens need to balance the needs of both work and family. However, I have concerns about how this proposal would impact businesses across Hawaii. As you are aware, the cost of running and maintaining a business in Hawaii remains extremely high and becomes more and more difficult with each additional workplace mandate.

Additionally, this bill does not provide much clarity on the ultimate cost this would have on employers. The recent study analyzing the impact of a paid family leave program for Hawaii showed that it could cost as much as $58 million a year, depending on which model the state would implement.

Under SB 2491, the implementation date is July 2020. However, the study noted that 2021 is the earliest that Hawaii could implement a program, with 2022 or 2023 as more realistic options. Rushing implementation could lead to unintended errors and issues.

We need to create policies that will help Hawaii bring in new businesses and support those in existence by encouraging them to adopt their own innovative paid leave programs rather than placing yet another mandate on employers and businesses.

Brian Mc Kenna

taniguchi4 - Joel

From: LCATestimony
Sent: Tuesday, February 4, 2020 6:00 PM
To: taniguchi4 - Joel
Subject: FW: Submit Testimony on Senate Bill that Would Expand Family Leave Requirements

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From: Mary Chan <tzvdonmpsgiavds@ujoin.co>
Sent: Monday, February 3, 2020 10:17 PM
To: LCATestimony <LCATestimony@capitol.hawaii.gov>
Subject: Submit Testimony on Senate Bill that Would Expand Family Leave Requirements

From: maryjchan@yahoo.com <Mary Chan>

Message:

Aloha Senate Labor Committee Members,

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Mary Chan

hilo

Hawaii