



February 3, 2022

To: The Honorable Richard H. K. Onishi, Chair,
The Honorable Jackson D. Sayama, Vice Chair, and
Members of the House Committee on Labor & Tourism

Date: Thursday, February 3, 2022

Time: 9:30 a.m.

Place: Conference Room 312, State Capitol and Videoconference

From: Anne Perreira-Eustaquio, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. 2448 RELATING TO A STATEWIDE DATA HUB

I. OVERVIEW OF PROPOSED LEGISLATION

This proposal seeks to require the DLIR to establish and maintain a statewide data hub to collect employer and employee data and work with the chief information officer to ensure the integrity and security of the information maintained. The measure provides the DLIR with four full-time employees as well as an appropriation.

The DLIR appreciates the intent of this measure, but notes concerns.

II. CURRENT LAW

The 2021 State Budget, Act 88, SLH 2021, abolished the DLIR's Research and Statistics Division and transferred positions and funding to the Department of Business, Economic Development, and Tourism (DBEDT).

III. COMMENTS ON THE HOUSE BILL

The DLIR is concerned with the measure because it no longer has the expertise, positions, and funding to undertake such an endeavor. The 2021 State Budget abolished the DLIR's Research and Statistics Division and transferred positions and funding to the DBEDT. The transferred positions are federally funded and collect employer and employee data as well as compile, interpret, and report on labor-related topics, including the unemployment rate.

Although this measure proposes to provide the DLIR with four full-time employees and funding, the DLIR believes that it would require additional resources and ultimately result in duplicative efforts.

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

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

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON LABOR & TOURISM
ON
HOUSE BILL NO. 2448

February 3, 2022
9:30 a.m.
Room 312 and Videoconference

RELATING TO A STATEWIDE DATA HUB

The Department of Budget and Finance (B&F) offers comments on House Bill (H.B.) No. 2448.

H.B. No. 2448 requires the Department of Labor and Industrial Relations (DLIR) to establish and maintain a Statewide Data Hub (SDH) to collect employer and employee data and appropriates \$260,000 in general funds in FY 23 to DLIR to fund four full-time equivalent positions to staff SDH.

B&F notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and

- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Additionally, B&F wishes to clarify that prior to FY 22, DLIR had a Research and Statistics Division (RSD) which had the expertise to administer and implement a program such as SDH. However, Act 88, SLH 2021, abolished DLIR's RSD and transferred its positions and funding to the Department of Business, Economic Development and Tourism.

Thank you for your consideration of our comments.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

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Statement of
MIKE MCCARTNEY
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON LABOR AND TOURISM

Thursday, February 3, 2022
9:30 AM
State Capitol, Conference Room 312

In consideration of
HB2448
RELATING TO A STATEWIDE DATA HUB.

Chair Onishi, Vice Chair Sayama and members of the Committee. The Department of Business, Economic Development and Tourism (DBEDT) appreciates the intent of and offers comments on HB2448, which establish and maintain a statewide data hub at the Department of Labor and Industrial Relations (DLIR) to collect employer and employee data.

DBEDT has the Labor Research Program that was transferred from DLIR in 2021 and the program collects employer and employee data that defined by the U.S Bureau of Labor Statistics. The new Statewide Data Hub, as described in the bill, has the authority to determine the type of data to be collected for the purpose of supporting the State Chief Information Officer and providing critical cross-matching functionality to combat the challenges of unemployment insurance fraud and assisting in the processing of unemployment insurance claims.

DBEDT feels that the Statewide Data Hub is a good complement to the Labor Research Program at DBEDT.

Thank you for the opportunity to testify.