



STATE OF HAWAII  
KA MOKU'ĀINA O HAWAII  
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS  
KA 'OIHANA PONO LIMAHANA

March 31, 2023

To: The Honorable Kyle T. Yamashita, Chair,  
The Honorable Lisa Kitagawa, Vice Chair, and  
Members of the House Committee on Finance

Date: Friday, March 31, 2023

Time: 03:00 p.m.

Place: Via Videoconference & Room 308, State Capitol

From: Jade T. Butay, Director  
Department of Labor and Industrial Relations (DLIR)

**Re: S.B. 1383 SD1 HD1 RELATING TO HAWAII EMPLOYMENT SECURITY LAW**

**I. OVERVIEW OF PROPOSED LEGISLATION**

The **DLIR strongly supports** this Governor's Package measure that proposes to amend Chapter 383, Hawaii Revised Statutes (HRS), by adding two new sections to institute an unspecified assessment on all contributory employers. The collections will fund the unemployment insurance technology special fund to finance the operating expenses to maintain the department's information technology infrastructure used to pay unemployment benefits and manage contributions by employers.

**II. COMMENTS ON THE SENATE BILL**

The DLIR supports this measure as there is a need for a permanent funding mechanism to support the ongoing maintenance and operational costs associated with the Unemployment Insurance (UI) Division's information technology infrastructure. The DLIR estimates collecting \$2,000,000 annually under the proposed assessment beginning calendar year 2024. As the UI program is 100% federally funded, the federal funds received are used to cover costs associated with administering the program.

As noted in UIPL No. 22-17, states' spending on IT infrastructure, "...cuts into their ability to fund staff to carry out mission critical functions."<sup>1</sup> Supplemental funds are needed to support the UI program's IT costs and support the existing maintenance costs of the mainframe application as well as the future maintenance costs of the Hawaii Unemployment Insurance Modernization (HUI Mod) program.

1 [https://www.dol.gov/sites/dolgov/files/ETA/advisories/UIPL/2017/UIPL\\_22-17.pdf](https://www.dol.gov/sites/dolgov/files/ETA/advisories/UIPL/2017/UIPL_22-17.pdf)