



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

February 27, 2023

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

Date: Monday, February 27, 2023

Time: 1:30 p.m.

Place: Conference Room 308, State Capitol and Via Video Conference

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

Re: H.B. 491 H.D. 2 RELATING TO A LEAVE GRANT PROGRAM

I. OVERVIEW OF PROPOSED LEGISLATION

The **DLIR opposes** this proposal that requires the Department to conduct an actuarial study on a potential leave grant pilot program to help small businesses with up to 100 employees offer their employees paid family leave and sick leave, and to submit a report to the Legislature prior to the 2024 session. This measure also has an unspecified appropriation.

II. COMMENTS ON THE HOUSE BILL

The DLIR offers the following comments:

- The HD2 does not provide sufficient parameters for the DLIR to conduct a study with an actuarial component. For example, the limitation of employer program eligibility found in HB491 (g) (Pg. 2, lines 8-16) does not apply to the HD2. Similarly, the size of the pilot program is undefined.
- The HD2 requires the scope of the study to include small employers with up to 100 employees and according to latest data from DBEDT in December 2021 employers with 99 or fewer employees comprise 98.2% of employing units (excluding government).¹
- The study will require an evaluation of both financial and legal issues as well as the non-duplication of benefits, for which the department does not have the expertise nor capacity, therefore, it will need to procure a contractor to help conduct the study. The DLIR also does not have expertise or experience in business or economic development.

- The Department notes that the \$100,000 suggested in Standing Committee Report No. 674 is likely insufficient even if some parameters are provided.
- In considering the complexities involved, including the procurement process as well as conferring with other agencies, the Department suggests that if the measure is enacted that the report be due to the 2025 Legislature.

¹ https://files.hawaii.gov/dbedt/economic/data_reports/DLIR/LFR_QCEW_ES2021EMPR.pdf



Chamber of Commerce HAWAII

The Voice of Business

**Testimony to the House Committee on Finance
Monday, February 27, 2023, at 1:30pm
Conference Room 308 & Videoconference**

RE: HB 491 HD2 – Relating to a Leave Grant Program

Aloha Chair Yamashita, Vice Chair Kitagawa, and members of the committee,

The Chamber of Commerce Hawaii ("The Chamber") **supports HB 491 HD2** which requires the department of labor and industrial relations to conduct an actuarial study on a leave grant pilot program to help small businesses offer their employees paid family leave and paid sick leave. Appropriates funds.

This bill will study how to set up a program that incentivizes small businesses to offer family leave, and how to assist employers with the program. We believe that incentivizing a family leave program for small businesses who want to offer it but cannot afford to do so, is a much more reasonable and responsible approach than to mandate all employers to do so.

We do request that the Chamber of Commerce Hawaii be included in the study committee so that we can offer our expertise and the "voice" of small businesses in setting up this program.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 2,000+ businesses. Approximately 80% of our members are small businesses with less than 20 employees. As the "Voice of Business" in Hawaii, the organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

Thank you for the opportunity to testify.



**House Committee on Finance
Monday, February 27, 2023 at 1:30 P.M.
Conference Room 308 and Via Videoconference**

RE: HB 491 HD2, RELATING TO A LEAVE GRANT PROGRAM

Chair Yamashita, Vice Chair Kitagawa, and Members of the Committee:

The Society of Human Resource Management (SHRM) Hawaii offers comments to HB491 which requires the Department of Labor and Industrial Relations to conduct an actuarial study on a leave grant pilot program designed to assist small businesses offer their employees paid family leave and paid sick leave and appropriate funds.

SHRM Hawaii serves and represents nearly 600 members and employers statewide. Human resource management is a critical component to the success and survival of the many businesses that comprise our local economy. HR professionals are responsible for evaluating and balancing the needs of both the employers and employees and caring for businesses' most valuable asset: the working people of our state.

We appreciate the intent of this bill to conduct a study of the costs of such a grant program, both as to what would potentially be provided to small businesses and how the administration and its attendant costs would impact the State of Hawaii. Nonetheless, such a program could be a significant financial undertaking which has a far reaching impact on businesses throughout the state. We have concerns surrounding the costs of such programs to businesses, particularly in the wake of the recent pandemic, who would qualify for such programs, the definition of what is considered a small business, whether as suggested by others a tiered system is appropriate, and other similar concerns.

As the representation for HR professionals throughout the State of Hawaii, we would welcome the opportunity to collaborate on this study to contribute our expertise on the costs and administration of employee benefit programs.



We look forward to contributing positively to the development of sound public policy and continuing to serve as a resource to the legislature on matters related to labor and employment laws.

Thank you for this opportunity to provide testimony.

Dailyn Yanagida
Legislative Affairs Committee Co-Chair

Rosanne M. Nolan
Legislative Affairs Committee Co-Chair



SHRM Hawaii, P. O. Box 3175, Honolulu, Hawaii (808) 447-1840



MAUI

CHAMBER OF COMMERCE

VOICE OF BUSINESS

HEARING BEFORE THE HOUSE COMMITTEE ON
FINANCE
HAWAII STATE CAPITOL, HOUSE CONFERENCE ROOM 308
MONDAY, FEBRUARY 27, 2023 AT 1:30 P.M.

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

COMMENTS ON HB491 HD2 RELATING TO A LEAVE GRANT PROGRAM

The Maui Chamber of Commerce would like to offer **COMMENTS on HB491 HD2** which requires the Department of Labor and Industrial Relations to conduct an actuarial study on a leave grant pilot program to help small businesses offer their employees paid family leave and paid sick leave.

The Chamber appreciates the intent to help small businesses. While we understand this is for a study for a pilot program, we are concerned that it has very broad parameters, particularly with 100 or fewer employees. This could be a very expensive program and would have to have clearer rules established for who qualifies.

We would recommend narrowing it to those small businesses hardest hit and struggle to pay these kinds of expenses. For example, it might be for businesses with 10 or fewer employees which would narrow the scope considerably.

We appreciate the idea of a reimbursable grant. However, we feel the concept needs to be a bit more refined and would be happy to assist DBEDT and are willing to work on the scope of this program.

The Chamber notes prior testimony that suggests a tiered program. We like that idea and think that could work well. For example, there could be one tier for those with 1-5 employees and another tier with 6-10 employees so it is more equitable based on their number of employees. We suggest that the 6-10 employee tier receive the higher portion of funding.

Mahalo for the opportunity to offer **COMMENTS on HB491 HD2**.

Sincerely,

Pamela Tumpap
President