



STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
www.labor.hawaii.gov

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

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

**Re: H.B. 1852 RELATING TO THE UNEMPLOYMENT
COMPENSATION TRUST FUND**

Chair Onishi, Vice Chair Sayama, and Members of the Committee:

My name is Anne Perreira-Eustaquio, and I am the Director of the Department of Labor and Industrial Relations (DLIR). I am testifying to provide comments on HB1852, which provides a \$300M appropriation to the Unemployment Compensation Trust Fund (UCTF).

The COVID—19 Pandemic created an unprecedented period of unemployment in Hawaii and resulted in the rapid depletion of funds from the UCTF. The department estimates that for every \$100M added to the fund that the statutory schedule of employer taxes will likely drop one level in the following calendar year.

However, the department notes that the infusion of funds into the UCTF does not create an ongoing effect of reducing employers' tax rates beyond one year. The ratio of the Current Reserve to the Adequate Reserve, used to determine the Unemployment Insurance (UI) tax schedule for employers, is calculated annually on November 30. Therefore, infusion of funds into the UCTF does not affect the calculation in the second calendar year and subsequently unless the infusion is on the order of \$500M or more.

Thank you for the opportunity to testify on this important matter.



STATE OF HAWAII
DEPARTMENT OF BUDGET AND FINANCE
P.O. BOX 150
HONOLULU, HAWAII 96810-0150

WRITTEN ONLY
TESTIMONY BY CRAIG K. HIRAI
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE
TO THE HOUSE COMMITTEE ON LABOR & TOURISM
ON
HOUSE BILL NO. 1852

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

RELATING TO THE UNEMPLOYMENT COMPENSATION TRUST FUND

The Department of Budget and Finance (B&F) offers comments on House Bill (H.B.) No. 1852.

H.B. No. 1852 appropriates \$300,000,000 in general funds in FY 23 to the Department of Labor and Industrial Relations to be used as a cash infusion to the Unemployment Compensation Trust Fund.

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.

Thank you for your consideration of our comments.



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

Executive Officers

Charlie Gustafson, Tamura Super Market, *Chair*
Eddie Asato, Pint Size Hawaii, *Vice Chair*
Gary Okimoto, Safeway, *Secretary/Treas.*
Lauren Zirbel, HFIA, *Executive Director*
John Schliff, Rainbow Sales and Marketing, *Advisor*
Stan Brown, Acosta Sales & Marketing, *Advisor*
Paul Kosasa, ABC Stores, *Advisor*
Derek Kurisu, KTA Superstores, *Advisor*
Toby Taniguchi, KTA Superstores, *Advisor*
Joe Carter, Coca-Cola Bottling of Hawaii, *Immediate Past Chair*

TO: Committee on Labor and Tourism
Rep. Richard H.K. Onishi, Chair
Rep. Jackson D. Sayama, Vice Chair

FROM: HAWAII FOOD INDUSTRY ASSOCIATION
Lauren Zirbel, Executive Director

DATE: February 2, 2022
TIME: 9:30am
PLACE: Via Videoconference

RE: HB1852 Relating to the Unemployment Compensation Trust Fund

Position: Support

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.

HFIA is in support of this measure to appropriate funds into the unemployment compensation trust fund. The last two years have presented our local workers, businesses, and economy with unprecedented challenges. The Unemployment Compensation Trust Fund was not originally created or structured to handle the type economic turmoil we have seen. An appropriation is necessary in order to help stabilize the fund. We encourage the Committee to pass this measure and we thank you for the opportunity to testify.