



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

February 10, 2023

To: The Honorable Donovan M. Dela Cruz, Chair,
The Honorable Gilbert S.C. Keith-Agaran, Vice Chair, and
Members of the Senate Committee on Ways and Means

Date: Friday, February 10, 2023

Time: 10:30 a.m.

Place: Conference Room 211 & Videoconference, State Capitol

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

Re: S.B. 1383 S.D.1 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 a permanent 0.1% assessment beginning January 1, 2024, on all contributory employers. The collections will be deposited in the newly created 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 HOUSE BILL

The DLIR supports this measure as there is a need for a permanent funding mechanism to support the ongoing expenses to maintain the Unemployment Insurance (UI) Division's information technology infrastructure. 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."¹ 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