

STAND. COM. REP. NO.

2509

Honolulu, Hawaii

FEB 16 2018

RE: S.B. No. 2990
S.D. 1

Honorable Ronald D. Kouchi
President of the Senate
Twenty-Ninth State Legislature
Regular Session of 2018
State of Hawaii

Sir:

Your Committee on Labor, to which was referred S.B. No. 2990
entitled:

"A BILL FOR AN ACT RELATING TO FAMILY LEAVE,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Require the Department of Labor and Industrial Relations (Department) to establish paid family leave for all workers by January 1, 2023;
- (2) Establish the paid family leave implementation task force to assist the Department and report to the Legislature; and
- (3) Establish and appropriate funds into and out of a paid family leave special fund.

Prior to the hearing on this measure, your Committee posted and made available for public review a proposed S.D. 1, which amends this measure by:

- (1) Establishing the paid family leave implementation board, rather than the paid family leave implementation task force, to assist the Department and report to the Legislature;



- (2) Removing the representative of the Chamber of Commerce of Hawaii and adding one representative of a business employing one hundred or more employees, to be appointed by the Governor, one representative of a business employing between fifty and one hundred employees, to be appointed by the Speaker of the House of Representatives, and two representatives of paid family leave advocates, to be appointed by the President of the Senate and Speaker of the House of Representatives, respectively, to the membership of the paid family leave implementation board;
- (3) Requiring all executive departments and agencies to participate and engage in data-sharing agreements prior to the Regular Session of 2020;
- (4) Requiring preparation of a comparative analysis of potential paid family leave models to cover all workers, including but not limited to social insurance and temporary disability insurance expansion, in addition to a breakdown of costs for implementing and sustaining each model; and
- (5) Requiring that the comparative analysis of each model considers progressive wage replacement and job protection.

Your Committee received testimony in support of the proposed S.D. 1 from the Department of Human Services; Department of Labor and Industrial Relations; Hawaii State Commission on the Status of Women; American Association of University Women in Hawaii; Hawai'i Appleseed Center for Law & Economic Justice; International Brotherhood of Electrical Workers Local Union 1260, AFL-CIO; Hawaii State AFL-CIO; Pono Hawai'i Initiative; Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO; IMUAlliance; Hawaii Children's Action Network; Hawaii State Teachers Association; YWCA O'ahu; League of Women Voters of Hawaii; O'ahu County Committee on Legislative Priorities of the Democratic Party of Hawai'i; and five individuals. Your Committee received testimony in opposition to the proposed S.D. 1 from the Chamber of Commerce Hawaii and Society for Human Resource Management - Hawaii Chapter. Your Committee received comments on the proposed S.D. 1



from the Department of Budget and Finance, General Contractors Association of Hawaii, Hawaii Food Industry Association, and American Council of Engineering Companies of Hawaii.

Your Committee finds that Hawaii's working families are especially vulnerable, and that the majority of Hawaii's workforce cannot afford to take unpaid leave to provide care for a newborn, bond with a new child, care for a family member with a serious health condition, or be a caregiver to an aging parent. Yet, for 240,000 employees who serve as primary caregivers to a family member, this is the dilemma they face. Your Committee further finds that seven in ten children live in a household where both parents work, and over a quarter of children live in households with single parents; therefore, a lack of meaningful paid family leave policies puts them most at risk.

Your Committee has amended this measure by adopting the proposed S.D. 1 and further amending the measure by:

- (1) Specifying that paid family leave contributions paid by employees and employers shall be deposited into the paid family leave special fund;
- (2) Specifying that monies deposited into the paid family leave special fund and interest earned thereon shall not revert to the general fund;
- (3) Requiring the Department to adopt rules by January 1, 2020, rather than January 1, 2023, and to allow for the rulemaking process to be exempt from chapter 91, Hawaii Revised Statutes;
- (4) Requiring that rules adopted by the Department, at a minimum, include:
 - (A) A minimum of an unspecified number of weeks paid leave;
 - (B) Coverage for all employees who employ one or more employees;
 - (C) A system of progressive wage replacement to allow low income workers to receive a higher percentage



of their weekly earnings than average high-wage workers; and

- (D) Job protections to ensure usage of paid family leave does not adversely impact employment;
- (5) Requiring the Department to collect paid family leave payments by July 1, 2021, and process payments by July 1, 2022;
- (6) Allowing interim rules to remain in effect until January 1, 2022, rather than January 1, 2023;
- (7) Amending the membership of the paid family leave implementation board as follows:
 - (A) Adding the Governor's Chief of Staff, who shall serve as chairperson;
 - (B) Specifying that the Director of Human Resources Development and Comptroller shall serve as ex officio members;
 - (C) Replacing the representative of the insurance industry appointed by Speaker of the House with a representative of the medical or public health community;
 - (D) Adding an additional representative of paid family leave advocates, to be appointed by the Hawaii State Commission on the Status of Women; and
 - (E) Adding one representative of the human resources profession, to be appointed by the Director of Labor and Industrial Relations;
- (8) Requiring all executive branch departments and agencies to participate and engage in data-sharing agreements prior to the Regular Session of 2019, rather than 2020;
- (9) Requiring the Legislative Reference Bureau to conduct an analysis prior to 2019 that includes:




- (A) A comparative analysis of potential paid family leave models to cover all workers, including social insurance and temporary disability insurance expansion, and a breakdown of the costs for implementing and sustaining each model;
 - (B) Models that consider progressive wage replacement and job protection;
 - (C) A multi-year budget for establishing a paid family leave insurance program;
 - (D) A timeline for implementing paid family leave, including benchmarks and deliverables;
 - (E) Review of other state paid leave models, including review of current temporary disability insurance usage and other state temporary disability insurance models;
 - (F) Findings and other recommendations, including recommendations for ongoing regulation and additional funding resources; and
 - (G) Actuarial analysis;
- (10) Specifying that the report by the paid family leave implementation board include a multi-year budget for establishing a paid family leave insurance program, rather than a five-year budget;
 - (11) Appropriating \$250,000 for the Legislative Reference Bureau to conduct its analysis;
 - (12) Clarifying that the appropriation out of the paid family leave special fund is for one full-time equivalent (1.0 FTE) program manager to support the paid family leave implementation board, the expenses of the implementation board, and the expenses of the Department in establishing paid family leave for all workers by January 1, 2020;



- (13) Inserting language to allow the Legislative Reference Bureau and Department to contract the services of a consultant without regard to chapter 103D, Hawaii Revised Statutes; and
- (14) Making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Labor that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 2990, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2990, S.D. 1, and be referred to your Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Labor,



JILL N. TOKUDA, Chair



