



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of
LUIS P. SALAVERIA
Director
Department of Business, Economic Development and Tourism
before the
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT & BUSINESS
Wednesday, February 15, 2017
9:00 AM
State Capitol, Conference Room 309

in consideration of
HB1572, HD1
RELATING TO LABOR.

Chair Nakashima, Vice Chair Keohokalole and Members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) supports HB1572, HD1, which establishes the Hawaii Economic Security Working Group within DBEDT.

DBEDT agrees with the University of Hawaii Economic Research Organization (UHERO) that automation of service sector jobs is already reshaping the labor market, as automation of manufacturing jobs did over the last century -- causing vast disruptions in the economic and social fabric of human lives in addition to many positive benefits.

DBEDT also agrees that it is the best interests of a peaceful democratic society to attempt to understand the impacts of the coming disruptions on Hawaii's labor force and look for interventions that can maintain the dignity of economic self-sufficiency for Hawaii's service sector supported households.

With the Legislature's support and direction, DBEDT has already started this work with efforts to expand the technology and creative sectors to give Hawaii's young people career choices that pay living wages, thus reducing the disruption to local communities and families when young people move to the mainland to find better paying jobs.

DBEDT has no objection to the addition of the Director of Labor and Industrial Relations to serve as co-chair of the working group and having representatives of the labor industry determined by Hawaii State AFL-CIO.

DBEDT notes that this project would be a long term effort, not to be completed in a five-month period from the end of one Legislative session to the start of the next one. DBEDT has requested one additional Economist position in BED 130 to be able to undertake Legislative initiatives such as this one. We urge this Committee to note in the Committee Report on this measure their support for this request to the Committee on Finance.

Thank you for the opportunity to offer these comments on HB1572, HD1.



UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
House Committee on Economic Development & Business
Wednesday, February 15, 2017 at 9:00 a.m.

By
Denise Eby Konan, Dean
College of Social Sciences
University of Hawai'i at Mānoa

HB 1572 HD1 – RELATING TO LABOR

Chair Nakashima, Vice Chair Keohokalole and members of the committee:

Thank you for the opportunity to provide testimony on House Bill 1572 House Draft 1. This measure includes the executive director of the University of Hawai'i Economic Research Organization (UHERO) as a member of an economic security working group within the Department of Business, Economic Development, and Tourism charged with making recommendations to the legislature for the best methods to:

- (1) Address the potential for significant economic change and
- (2) Ensure the economic sustainability of Hawai'i's people and economy into the future.

UHERO is housed within the Social Science Research Institute of the College of Social Sciences. The mission of UHERO is to inform public and private sector decision-making through rigorous, independent economic research on the people, environment, and economies of Hawai'i and the Asia-Pacific region. This mission aligns with the mission of the proposed working group to “ensure the economic sustainability of individuals and families and the overall health of the local economy in light of future automation technologies, globalization, and disruptive innovation.”

The College and UHERO support study and research into the future economic health and stability of Hawai'i are willing to participate in the working group, but not without faculty resources to do so. Current faculty have full research agendas, and undertaking this project would require that other, ongoing research of significance to the state be dropped. Further, the most appropriate contribution would be from a faculty position with a focus on regional economic development or industrial organization, which does not currently exist in the state. If such a position were to be funded by the legislature, UHERO could not only provide meaningful participation in the proposed working group, but also contribute to policy more broadly.

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LATE

February 15, 2017

TO: The Honorable Mark M. Nakashima, Chair,
The Honorable Jarrett Keohokalole, Vice-Chair, and
Members of the House Committee on Economic Development & Business

Date: Wednesday, February 15, 2017
Time: 9:00 a.m.
Place: Conference Room 309, State Capitol

From: Linda Chu Takayama, Director
Department of Labor and Industrial Relations (DLIR)

Re: HB1572 HD1 Relating to Labor

I. OVERVIEW OF PROPOSED LEGISLATION

HB1572 proposes to establish the Hawaii Economic Security Working Group within the Department of Business, Economic Development & Tourism (DBEDT) to analyze and make recommendations regarding Hawaii's economic health and sustainability of Hawaii's people and economy in light of future automation, globalization and disruptive innovation. The proposed HD1 of the measure adds the Director of Labor and Industrial Relations to serve as co-chair of the working group along with the DBEDT Director, and adds representatives of the labor industry determined by Hawaii State AFL-CIO.

The Department supports the intent of this bill provided its passage does not adversely affect priorities identified in the Governor's Executive Budget request, and offers comments.

II. CURRENT LAW

Per §26-20, Hawaii Revised Statutes (HRS), DLIR administers "programs designed to increase the economic security, physical and economic well-being, and productivity of workers, and to achieve good labor-management relations, including the administration of workers' compensation, employment security, apprenticeship training, wage and hour, and industrial relations laws."

The Department is involved in a number of efforts to ensure economic sustainability for Hawaii's people and to help workers adapt quickly to changing labor market needs. For example, DLIR is expanding apprenticeship opportunities for student workers to earn while they learn on the job in information technology and other fields.

DLIR has also stepped up its efforts to ensure compliance with workers' compensation, temporary disability insurance, and workplace safety laws to ensure that businesses who treat workers fairly are on a level playing field.

The Department is committed to ensuring that Hawaii's people have a just, fair, and sustainable economic foundation and environment so that our community is positioned to benefit from rapid technological change.

III. COMMENTS ON THE HOUSE BILL

The purpose of the working group is to make recommendations for the best methods to:

- (1) Address the potential for significant economic change and
- (2) Ensure the economic sustainability of Hawaii's people and economy into the future.

DLIR notes that its efforts to ensure economic sustainability for Hawaii's people in the current technological environment will help set the foundation for technology to create greater economic well-being in the future.

The Department agrees with DBEDT that the project considered in this proposal is a long-term effort that will not be adequately completed in the five months between legislative sessions. DLIR may require additional staff and resources to adequately conduct the studies and analyses for this initiative.



Chamber of Commerce HAWAII

The Voice of Business

Testimony to the House Committee on Economic Development & Business
Wednesday, February 15, 2017 at 9:00 A.M.
Conference Room 309, State Capitol

LATE

RE: HOUSE BILL 1572 HD1 RELATING TO LABOR

Chair Nakashima, Vice Chair Keohokalole, and Members of the Committee:

The Chamber of Commerce Hawaii ("The Chamber") **supports the intent of** HB 1572 HD1, which establishes the Hawaii Economic Security Working Group within DBEDT to analyze and make recommendations regarding economic health and stability in light of future automation, globalization, and disruptive innovation.

The Chamber is Hawaii's leading statewide business advocacy organization, representing about 1,600+ 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.

This bill would create the means for DBEDT and the members of this working group to provide the state with much-needed direction and a foundation of ideas that can help leaders in both the public and private sectors identify new opportunities for steady economic growth beyond a tourism base. We support the intent of this bill because it provides a way to stay ahead of the constant change that is necessary to maintain a vibrant economy. We would ask that the Chamber be considered to sit on the working group.

Thank you for the opportunity to testify.



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

AFSCME Local 152, AFL-CIO

RANDY PERREIRA, Executive Director • Tel: 808.543.0011 • Fax: 808.528.0922

LATE

The Twenty-Ninth Legislature, State of Hawaii
House of Representatives
Committee on Economic Development and Business

Testimony by
Hawaii Government Employees Association

February 15, 2017

H.B. 1572, H.D. 1 - RELATING TO LABOR

The Hawaii Government Employees Association, AFSCME Local 152, AFL-CIO supports the intent of H.B. 1572, H.D. 1 which establishes the Hawaii Economic Security Working Group within the Department of Business, Economic Development and Tourism to make recommendations on Hawaii's economic health and stability. H.B. 1572, H.D. 1 takes the first necessary step toward considering the long term implications that globalization and increasing automation will have on local jobs and our economy.

Hawaii's high cost of living coupled with the exponential growth of innovative technologies have already begun to reshape our economy across all sectors and have contributed to financial challenges for many families earning less than a living wage. Now is an appropriate time to examine and ensure a viable financial path forward for workers whose industries may be evolving. We must ensure a future in which everyone will have access to financial prosperity.

Thank you for the opportunity to testify in support of H.B. 1572, H.D. 1.

Respectfully submitted,


Randy Perreira
Executive Director

The Twenty-Ninth Legislature
Regular Session of 2017



HOUSE OF REPRESENTATIVES
Committee on Economic Development and Business
Representative Mark M. Nakashima, Chair
Representative Jarrett Keohokalole, Vice Chair
State Capitol, Conference Room 309
Wednesday, February 15, 2017; 9:00 a.m.

**STATEMENT OF THE ILWU LOCAL 142 ON H.B. 1572 HD 1
RELATING TO LABOR**

The ILWU Local 142 supports H.B. 1572 HD 1, which establishes the Hawaii Economic Security Working Group within DBEDT to analyze and make recommendations regarding economic health and stability in light of future automation, globalization, and disruptive innovation.

H.B. 1572 HD 1 attempts to take a proactive approach to identifying job sectors and even industries that could be adversely affected by paradigm shifts as automation, globalization, and technology impacts the workforce in Hawaii. By creating a work group to anticipate these changes and providing a yearly report to the Legislature, this could result in valuable insight that would aid in state planning efforts. This would be especially true for the evolving workforce, which is currently approaching record breaking numbers (going back to statehood).

The mission of the working group is stated as ensuring “the economic sustainability of individuals and families and the overall health of the local economy in light of future automation, technologies, globalization, and disruptive innovation.”

The work group would be headed by the director of DBEDT and the director of DLIR which is appropriate as those two departments most closely monitor the economic trends and growing demands in our local economy, as well as oversee workforce development. By working with the other members of the working group, this effort could bring about meaningful discussions that would lead to more effective planning.

This is the kind of planning effort that should be undertaken when the economy is doing well and expanding, and not during a downturn in the economy. This could help the focus remain on potential changes in the type of developing jobs rather than an approaching economic crisis. With our economy continuing to prosper and the unemployment rate approaching record lows at 2.9%, now would appear the best time to launch such an initiative.

The ILWU urges passage of H.B. 1572 HD 1. Thank you for the opportunity to share our views on this matter.