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TO: The Honorable Senate Special Committee COVID-19 Members

FROM: Scott T. Murakami
Director, Department of Labor and Industrial Relations (DLIR)

SUBJECT: RESPONSE TO MEMO DATED MAY 21, 2020

I am writing to respond to the questions you posed regarding the current unemployment situation as well as planning in response to that situation.

What further I.T. system upgrades, if any, must be made to ensure that claims can be processed promptly should there be another surge?

We are continuing to migrate services of the outdated web portal and onto the new SQL environment and targeting mid-June for completion. As you are aware, we were also in the process of acquiring a modernized tax and benefits system from the state of Idaho to replace the web portal (2010) and UI application on the mainframe (1986). This modernization was reliant on a solution that would require our department to host, maintain, upgrade, modernize and scale the solution into the future and would not integrate with our existing HireNet Hawaii jobs exchange.

However, upon further reflection and conferring with the UI and Workforce Development programs, I have decided to adopt a modern, comprehensive Employment Security model that can provide unemployment benefits, business services and re-employment services and solutions, that will best serve the interests of residents and businesses of Hawaii. The essence of the Employment Security model is to provide temporary UI benefits in a timely and compliant manner while the claimant receives requisite training to return to gainful employment in Hawaii's workforce. The end game in employment security model is a return to productivity through gainful employment.

Senate Bill 75, Section 4 provides \$8,154,000 for information technology, systems, and staffing for the department. I intend to use part of that appropriation to procure a hosted, cloud-based commercial off-the-shelf technology solution that provides a complete unemployment and re-employment solution for our State that is cost efficient and scalable. A part will be used to help with the IT and personnel costs that were incurred to implement the technology solutions and operations at the Hawaii State Library and the Hawaii Convention Center.

Are there additional COVID-related resources that should be put in place now,

and in the next six months, i.e., staff, training, equipment, etc., to deal with this crisis?

The following are additional resources provided by the U.S. DOL in response to the COVID-19 Pandemic:

1. Families First Coronavirus Response Act (FFCRA), Division D the Emergency Unemployment Insurance Stabilization and Access Act of 2020 (EUISAA). Section 4102 of EUISAA provides for emergency administrative grants to states, Hawaii was allotted \$3,900,000. Funds provided through these emergency administrative grants may only be used for administration of the UC Program, but does not include funding for technology upgrades.
2. The Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which includes the Relief for Workers Affected by Coronavirus Act set out in Title II, Subtitle A. Section 2104 of the CARES Act provides for a temporary emergency increase in unemployment compensation benefits, referred to as Federal Pandemic Unemployment Compensation (FPUC, \$600) and includes funding to states for the administration of the program. Hawaii's share of the administrative funding was \$267,000.
3. Section 2102 of the CARES Act creates a new temporary federal program called Pandemic Unemployment Assistance (PUA) that in general provides up to 39 weeks of unemployment benefits, and provides funding to states for the administration of the program. Hawaii was allocated \$899,000 for all additional administrative expenses to implement the PUA program.
4. Section 2107 of the CARES Act creates a new temporary federal program called Pandemic Emergency Unemployment Compensation (PEUC) that provides up to 13 additional weeks of benefits to individuals who have exhausted their regular unemployment compensation (UC) entitlement and also provides funding to states to administer the program. Hawaii was allotted \$252,000 for the administrative costs of developing the 13-week extension.
5. Pre-existing federal law and regulations provides states the opportunity to apply after each quarter for above-base funding to compensate the states for increased workloads during times of high unemployment. Hawaii has applied for \$1,900,000 for personnel costs.

Is there additional CARES Act funding uses to help pay for expediting the processing of the current backlog?

- 300 temporary positions to assist in the processing of unemployment claims. Under the CARES Act, individuals may receive up to 52 weeks of unemployment insurance benefits. As demonstrated by the numerous volunteers from the
- \$500,000 to fund a temporary facility to process unemployment insurance claims.
- Twelve FTE to assist with processing UI appeals for the Employees Security Appeals Referees' Office (ESARO).

The department expects unforeseen implementation costs for technology, training, and physical infrastructure in the near term.

Thank you for your continued support as we work together to solve the unique challenges that have resulted from the COVID-19 Pandemic.

