

August 14, 2018
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MEMORANDUM

TO: All Principal Investigators & Project Administrators

FROM: Nelson Sakamoto 
Director of Human Resources

SUBJECT: RCUH Workers' Compensation Insurance and Employing Staff Outside of Hawai'i

The Research Corporation of the University of Hawai'i (RCUH) provides a broad range of staffing services to all University of Hawai'i (UH) Principal Investigators to employ staff in Hawai'i and locations outside of Hawai'i. The purpose of this memo is provide you with guidance on RCUH's workers' compensation insurance coverage and information you need to know if you employ or plan to employ staff outside of Hawai'i.

Workers' Compensation Insurance Coverage: On July 1, 1997 the RCUH was mandated by the State of Hawai'i to acquire its own workers' compensation insurance. Up through June 30, 1997 the RCUH (like other State agencies) participated in the State of Hawai'i's self-insured workers' compensation coverage. Since July 1, 1997 the RCUH acquires commercial workers' compensation insurance for all categories of employees working in Hawai'i and locations outside of Hawai'i. Our workers' compensation insurance policy covers all employees (except for those covered by the Merchant Marine Act of 1920, otherwise known as the "Jones Act"). This includes, but not limited to employees performing non-crew work aboard the UH's research vessels, employees working outside of Hawai'i (except for those working in monopolistic states/jurisdictions) and foreign countries.

Considerations for employing staff outside of Hawai'i: You need to inform my office if you are or plan to employ staff outside of Hawai'i. The RCUH may need additional time to ensure we are properly set-up to employ staff in these locations. There are numerous considerations for employing staff outside of Hawai'i. These include different employment laws, insurance requirements or limitations and payroll tax requirements. There are locations we are unable to employ staff due to government regulations or other restrictions.

Employment Laws: Federal employment laws and regulations apply to all employees working in the United States. Hawai'i employment laws only apply to staff located in Hawai'i and Hawai'i based staff on temporary work assignments to locations outside of Hawai'i. Other states/jurisdictions have their own employment laws, which will apply to your staff if permanently stationed in the other states/jurisdictions.

Workers' Compensation Insurance and other insurance coverage: As mentioned above, there are six "monopolistic states/jurisdictions", which requires the RCUH to purchase workers' compensation insurance from their local governments. These include: North Dakota, Ohio, Washington, Wyoming, Puerto Rico and the Virgin Islands. The RCUH is set up in North Dakota, Ohio and Washington. In addition, there may be other insurance requirements that are mandated by these governments. Some of RCUH employee benefits do not apply to staff working outside of Hawai'i. Any additional insurance cost will be passed onto your project.

Payroll Taxes – 50 States, Washington DC and Jurisdictions: The RCUH is able to employ staff in all 50 states (and Washington DC). However, each state has their own payroll tax requirements. There are nine states that have no State Payroll Tax, these are Alaska, Florida, Nevada, New Hampshire, South Dakota, Tennessee, Texas, Washington and Wyoming. Note, the state of Arkansas has payroll tax requirements that differ from other states. The RCUH is also set up to employ staff in American Samoa. Principal Investigators must inform the RCUH Human Resources Department of all positions and employees working in any location outside of Hawai'i to ensure proper tax reporting.

Locations the RCUH is unable to provide or support staffing services: There are locations outside of Hawai'i, which the RCUH is unable to provide staffing services. These include locations the RCUH is unable to obtain workers' compensation insurance coverage (e.g., locations in war/conflict zones) or where local government regulations prohibit the RCUH to do business or to employ staff (e.g., locations requiring RCUH establish a business presence). Principal Investigators should contact my office to determine the feasibility of employing staff in a foreign country or other locations outside of Hawai'i.