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# A BILL FOR AN ACT

RELATING TO EMPLOYMENT SECURITY.

**BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:**

1           SECTION 1. The purpose of this Act is to appropriate  
2 federal Reed Act moneys to the department of labor and  
3 industrial relations for the following initiatives:

4           (1) Provide seed moneys to the department of labor and  
5 industrial relations to be used by the department of  
6 labor and industrial relations, in consultation with  
7 the local workforce investment boards of each of the  
8 four counties, to plan, develop, and implement a  
9 computer system that benefits workforce development  
10 activities and programs operated by the counties;

11           (2) Provide funding for the purposes of assisting the  
12 State's four local workforce investment boards. The  
13 funds will be used by the local boards to improve  
14 employer outreach and services, labor force pool  
15 expansion, capacity building, and to fund some shared  
16 costs for the operations of the one-stop career  
17 centers through the following:

18           (A) Employer outreach and services;



- 1 (B) Labor force pool expansion;  
2 (C) Capacity building; and  
3 (D) Servicing and maintaining the one-stop operating  
4 system; and

5 (3) Provide funds to Oahu's workforce investment board.

6 Further, this Act is also intended to conform to the  
7 provisions of P.L. 107-147, Temporary Extended Unemployment  
8 Compensation Act of 2002, signed by the President of the United  
9 States of America on March 9, 2002. This amendment is needed  
10 because the requirements for the Reed Act funds distributed in  
11 2002 differ from the prior special Reed Act distribution made in  
12 2002 under the Balanced Budget Act of 1997. Under the Balanced  
13 Budget Act of 1997, Reed Act moneys were restricted to  
14 unemployment insurance administration purposes only. Section  
15 383-123, Hawaii Revised Statutes, must be amended to conform to  
16 the Temporary Extended Unemployment Compensation Act of 2002  
17 Reed Act amendments before Hawaii can use the distribution of  
18 \$31,000,000.

19 SECTION 2. Section 383-123, Hawaii Revised Statutes, is  
20 amended by amending subsections (b) and (c) to read as follows:

21 "(b) Administrative use. Moneys credited to the account  
22 of this State in the unemployment trust fund by the Secretary of



1 the Treasury of the United States pursuant to section 903 of the  
2 Social Security Act, as amended, may be requisitioned and used  
3 for the payment of benefits and for the payment of expenses  
4 incurred for the administration of this State's unemployment  
5 compensation law and public employment offices pursuant to a  
6 specific appropriation of the legislature; provided that the  
7 expenses are incurred and the money is requisitioned after the  
8 enactment of an appropriation law [~~which~~] that:

- 9 (1) [~~specifies~~] Specifies the purposes for which the  
10 moneys are appropriated and the amounts appropriated  
11 therefor[~~τ~~];
- 12 (2) [~~limits~~] Limits the period within which the moneys may  
13 be obligated to a period ending not more than two  
14 years after the date of the enactment of the  
15 appropriation law[~~τ~~]; and
- 16 (3) [~~limits~~] Limits the amount [~~which~~] that may be  
17 obligated [~~during a twelve-month period beginning on~~  
18 ~~July 1 and ending on the next June 30~~] to an amount  
19 [~~which~~] that does not exceed the amount by which [~~(A)~~]  
20 the aggregate of the amounts credited to the account  
21 of this State pursuant to section 903 of the Social  
22 Security Act, as amended, [~~during the same twelve-~~



1 ~~month period and the thirty-four preceding twelve-~~  
2 ~~month periods] exceeds [(B)] the aggregate of the~~  
3 ~~amounts obligated pursuant to this subsection and~~  
4 ~~charged against the amounts credited to the account of~~  
5 ~~this State [during such thirty-five twelve-month~~  
6 ~~periods. For the purposes of this subsection, amounts~~  
7 ~~which are obligated for administration or paid out for~~  
8 ~~benefits shall be charged against equivalent amounts~~  
9 ~~which were first credited and which are not already so~~  
10 ~~charged; except that no amount obligated for~~  
11 ~~administration during a twelve-month period specified~~  
12 ~~herein may be charged against any amount credited~~  
13 ~~during such twelve-month period earlier than the~~  
14 ~~thirty-fourth preceding such period].~~

15 Moneys credited to the account of this State pursuant to  
16 section 903 of the Social Security Act, as amended, may not be  
17 withdrawn or used except for the payment of benefits and for the  
18 payment of expenses for the administration of this chapter  
19 pursuant to this subsection.

20 The appropriation, obligation, and expenditure or other  
21 disposition of [~~money~~] moneys appropriated under this subsection  
22 shall be accounted for in accordance with standards established



1 by the United States Secretary of Labor. Moneys appropriated  
2 for the payment of expenses of administration pursuant to this  
3 subsection shall be requisitioned as needed for the payment of  
4 obligations incurred under the law appropriating the moneys and,  
5 upon requisition, shall be deposited in the employment security  
6 administration fund from which [~~such~~] the payments shall be  
7 made. Moneys so deposited [~~shall~~], until expended, shall remain  
8 a part of the unemployment compensation fund and, if it will not  
9 be expended within one week after it is withdrawn from the  
10 unemployment trust fund, shall be returned at the earliest  
11 practical date to the Secretary of the Treasury of the United  
12 States for credit to this State's account in the unemployment  
13 trust fund.

14 (c) Notwithstanding subsection (b), moneys credited to the  
15 State's account in federal fiscal years ending in 2000, 2001,  
16 and 2002 shall be used solely for the administration of the  
17 unemployment compensation program and are not subject to the  
18 specific appropriation requirements of subsection (b) [~~-~~]; except  
19 that moneys credited in calendar year 2002 with respect to P.L.  
20 107-147 shall not be subject to the conditions of this  
21 subsection or the two-year limitation requirement specified in  
22 subsection (b)."



1 SECTION 3. Act 249, Session Laws of Hawaii 2005, is  
2 repealed.

3 SECTION 4. There is appropriated from the unemployment  
4 insurance trust fund from moneys deposited pursuant to section  
5 383-123(b), Hawaii Revised Statutes, the sum of \$20,000,000, or  
6 so much thereof as may be necessary for fiscal year 2006-2007,  
7 for the purposes specified in this Act; provided that of the  
8 \$20,000,000 appropriated for the 2006-2007 fiscal year:

9 (1) The sum of:

10 (A) \$9,590,000 shall be allocated to the city and  
11 county of Honolulu's workforce investment board;

12 (B) \$2,505,550 shall be allocated to the county of  
13 Maui's workforce investment board;

14 (C) \$2,000,000 shall be allocated to the county of  
15 Kauai's workforce investment board; and

16 (D) \$3,300,000 shall be allocated to the county of  
17 Hawaii's workforce investment board;

18 to improve employer outreach and services, labor force  
19 pool expansion, capacity building, and to fund some  
20 shared costs for the operations of the one-stop career  
21 centers within each county; and

1           (2) The sum of \$2,604,450 shall be allocated to the  
2           department of labor and industrial relations to be  
3           used by the department of labor and industrial  
4           relations, in consultation with local workforce  
5           investment boards of each of the four counties, to  
6           plan, develop, and implement a computer system that  
7           benefits workforce development activities and programs  
8           operated by the counties.

9           The sums appropriated shall be expended by the department  
10          of labor and industrial relations for the purposes of this Act.

11          SECTION 5. No funds appropriated under section 4 of this  
12          Act to the department of labor and industrial relations for use  
13          by the department of labor and industrial relations and the  
14          counties may be released by the governor to the department of  
15          labor and industrial relations until all funds appropriated by  
16          the legislature for the benefit of the counties under section 4  
17          have been timely, fully, and completely released to the counties  
18          as intended by the legislature.

19          The allotment system powers granted to the governor and the  
20          executive branch by the legislature under part II of chapter 37,  
21          Hawaii Revised Statutes, are not applicable to the appropriation  
22          of federal Reed Act funds being made in section 4 of this Act as



1 the federal funds being appropriated under this Act do not  
2 affect the solvency of the general fund.

3 SECTION 6. The department of labor and industrial  
4 relations shall report back to the legislature at least twenty  
5 days prior to the commencing of the regular session of 2007 on  
6 the status of the timely release of funds appropriated under  
7 this Act to the counties. Where delays in the release of the  
8 funds are reported to the legislature by the department of labor  
9 and industrial relations or the counties, the department of  
10 labor and industrial relations shall explain to the legislature  
11 why there have been delays in the timely release of these funds,  
12 and the department shall submit to the legislature, as soon as  
13 practical or at the next earliest sitting of the legislature, a  
14 corrective action plan intended to ensure the timely release of  
15 these funds.

16 SECTION 7. If any provision of this Act is found to be in  
17 conflict with federal requirements that are a prescribed  
18 condition for the allocation of federal funds to the State, the  
19 conflicting provision of this Act shall be held inoperative  
20 solely to the extent of the conflict with respect to the  
21 agencies directly affected and shall not affect the operation of







**Report Title:**

Unemployment Trust Fund; Reed Act Funds; Appropriation

**Description:**

Appropriates \$20,000,000 for fiscal year 2006-07 in Reed Act funds for services of the unemployment insurance and workforce development divisions. Allocates funding to the local workforce investment boards for employer outreach and services, labor force pool expansion and capacity building.

