

S.B. NO. 2998

JAN 22 2008

A BILL FOR AN ACT

RELATING TO WORKFORCE DEVELOPMENT.

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

1 SECTION 1. The legislature finds that the limited supply
2 of workers in Hawaii with the technical skills needed by
3 existing and emerging growth enterprise is a deterrent to the
4 start up and expansion of such operations.

5 In addition to facing skill shortages, Hawaii firms are
6 being buffeted by the rapid pace of changing technology, which
7 is requiring frequent skills upgrade training for incumbent
8 workers in order to keep Hawaii's growth industries expanding
9 and competitive.

10 Skills shortages and the need for upgrading of skills are
11 particularly critical for such sectors as high technology,
12 biotechnology, life science, information technology and key
13 military installations like the Pearl Harbor naval shipyard.
14 The type of training needs that these sectors face tend to be
15 among specialized, technical skills training that can be
16 developed and delivered within a few weeks or months at most,
17 and held at times and places that are most convenient to the
18 firms and workers. Examples of such skills range from

1 certification training in the emerging, next-generation internet
2 protocol (IPv6), to titanium welding techniques.

3 Unfortunately, Hawaii's major technical training
4 institutions, such as the community college system, are not
5 designed to develop technical training programs in a short
6 period of time. In the case of the community college system, a
7 fixed, two-year budget cycle provides little flexibility for
8 developing and staffing new or custom training programs in a
9 short time frame. New training programs usually must await a
10 new budget cycle, which could be two years away.

11 This inability to respond in a timely manner to emerging
12 training needs may result in the loss of many potential new or
13 expanded businesses in technical areas essential to the State's
14 economic development.

15 Many places around the country have developed special
16 programs with flexible funding for rapid, customized training,
17 that address important industry and company needs as they
18 emerge. Among the more notable programs are the Georgia 'quick
19 start' program and Alabama industrial development training
20 (AIDT) program. Such programs are effective at funding the up-
21 front costs of assembling curriculum, instructors and venues and

1 delivering fast, efficient, short-term training programs that
2 keep growing firms in the state and attract new firms.

3 To its credit, the University of Hawaii community college
4 system has taken steps to develop an internal capacity to
5 respond to rapid response custom training needs and received a
6 modest legislative appropriation in 2007 to launch the effort.
7 The community college system has found a ready demand for this
8 capacity and is now engaged in assisting the Pearl Harbor naval
9 shipyard and other important clients to meet pressing training
10 needs.

11 The Hawaii science and technology council has also
12 identified opportunities and needs for training in the high
13 technology sector that must be met to help keep these companies
14 in Hawaii. The community college system may be able to address
15 some of these needs as well as the needs it is already
16 addressing. However, it would be in Hawaii's interest to
17 utilize the broad spectrum of training resources in both the
18 public and private sector to provide effective and timely rapid
19 response, custom training for emerging growth industry.

20 To ensure that the need for fast custom training is met
21 there is a need for an additional source of leadership and

1 resources to complement the community college outreach effort
2 and focus on assisting emerging growth industry firms.

3 SECTION 2. This Act establishes a rapid response,
4 technical training development program and revolving fund within
5 the department of business, economic development, and tourism.
6 The goal of the program shall be to work with employers,
7 business and industry organizations, economic development
8 agencies, workforce development agencies, and training providers
9 to develop rapid response, custom training programs for firms
10 needing trained workers in critical technical skill sets that
11 cannot be adequately addressed by existing training programs.

12 SECTION 3. Chapter 201, Hawaii Revised Statutes, is
13 amended by adding a new part to be appropriately designated and
14 to read as follows:

15 "Part ____ . RAPID RESPONSE, CUSTOM TRAINING

16 §201-____ Rapid response, custom training program. (a)
17 There is established the rapid response, custom training program
18 in the department of business, economic development, and
19 tourism. The purpose of the program shall be to facilitate the
20 development of a rapid response training capacity in Hawaii that
21 will be capable of developing and delivering, for businesses and

1 industries, short-term customized training programs, that are
2 not offered through existing standard curricula at established
3 institutions of education and training.

4 (b) The program shall achieve its purpose by:

5 (1) Working with the workforce development community,
6 education and training community, county economic
7 development boards, business and industry associations, and
8 other appropriate entities to identify and offer rapid
9 response custom training to the business community;

10 (2) Contracting with firms, and other entities requesting
11 customized training to provide for the development and
12 delivery of such training; and collecting fees from
13 contracted firms upon the delivery of such training;

14 (3) Contracting with appropriate training providers for
15 the development of customized training programs.

16 (c) The department may contract for the development of custom
17 training programs with the University of Hawaii, including the
18 community college system, and other educational and training
19 resources in the public and private sectors throughout the

1 State, as may be appropriate to accomplish the purposes of the
2 program;

3 (d) The program shall place a priority on training for jobs
4 paying more than the Hawaii median wage in new or expanding
5 businesses, and for which the rapid development and delivery of
6 customized training is important to the decision of the firms or
7 industry to make or continue business investments in Hawaii.
8 The program shall also place priority on business expansions
9 that propose to train or retrain workers unemployed or facing
10 unemployment due to mass-layoff events;

11 (e) The program shall develop measures of program performance
12 to assess the impact of the training provided under the rapid
13 response program on the supply of high skilled workers in the
14 economy and the impact on the development of sustained, new
15 business activity.

16 SECTION 4. Chapter 201, Hawaii Revised Statutes, is
17 amended by adding a new section to be appropriately designated
18 and to read as follows:

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1 "§201-___ . Rapid response, custom training revolving fund.

2 (a) There is established in the state treasury the rapid
3 response, custom training revolving fund into which shall be
4 deposited:

5 (1) Appropriations by the legislature;

6 (2) Training fees paid by firms or other agencies and
7 organizations related to training services;

8 (3) Donations and contributions made by private
9 individuals or organizations for deposit into the
10 fund; and,

11 (4) Grants or transfers of funds provided by governmental
12 agencies or any other source, including the federal
13 government.

14 (b) Moneys in the rapid response, custom training revolving
15 fund may be used by the department:

16 (1) To contract with appropriate training providers for
17 the development of rapid response custom training
18 programs, and;

19 (2) For administrative expenses including, but not limited
20 to, supplies, equipment, and services necessary for
21 the appropriate administration of the rapid response
22 training program."

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1 SECTION 5. Sums deposited in the rapid response, custom
2 training revolving fund may be expended by the department of
3 business, economic development, and tourism for the purposes of
4 the fund and purposes of the rapid response, custom training
5 program.

6 SECTION. 6 Statutory material to be repealed is bracketed
7 and stricken. New statutory material is underscored.

8 SECTION. 7 This Act shall take effect on July 1, 2008.

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INTRODUCED BY: _____

BY REQUEST

Report Title:

Rapid response; Custom training

Description:

Establishes a rapid response, custom training program and revolving fund in DBEDT to facilitate rapid, custom training for emerging growth industry and high priority business investments.

JUSTIFICATION SHEET

DEPARTMENT: Business, Economic Development and Tourism.

TITLE: A BILL FOR AN ACT RELATING TO WORKFORCE DEVELOPMENT.

PURPOSE: The purpose of this bill is to establish a Rapid Response, Custom Training program and revolving fund to fund high priority skills training in support of emerging and expanding growth industries.

MEANS: Add a new part and two new sections to chapter 201, Hawaii Revised Statutes.

JUSTIFICATION: The worsening shortage of skilled workers coupled with the changing skill needs in growth industries has made the task of assembling and expanding a workforce difficult for many companies. Hawaii is in danger of discouraging new start ups and expansions or even losing companies because of the difficulty in assembling a skilled workforce. Typically, technical training in university professional and community college programs is long-term, provided only once or twice a year, and is generally not company or job specific. Many states have developed custom training in their community colleges to fill this gap. UHCC is developing a rapid response, custom training capacity with a modest budget allocation reflecting the Board of Regent's (BOR) priority for such a program among the many other priorities within the University. Economic and workforce development policy of the state places a high priority on custom training. This bill provides the state with a vehicle to leverage and accelerate the capacity-building of the University's rapid response custom training effort to serve more needs among emerging and expanding growth activities.

Impact on the public: The program will support the continued growth and development of key growth industries and opportunities for employment in high-skilled jobs among new and incumbent workers.

Impact on the department and other agencies:
The department will need to allocate staff to the administration of the program as there is no request for additional staffing.

GENERAL FUND: None.

OTHER FUNDS: None.

PPBS PROGRAM
DESIGNATION: BED-100.

OTHER AFFECTED
AGENCIES: University of Hawaii, Department of Labor and Industrial Relations, Workforce Development Council.

EFFECTIVE DATE: July 1, 2008.