

Honolulu, Hawaii

Feb 15, 2008

RE: H.B. No. 2964
H.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 2964 entitled:

"A BILL FOR AN ACT RELATING TO EMPLOYMENT SECURITY,"

begs leave to report as follows:

The purpose of this bill is to support workforce and economic development by allocating Reed Act fund monies out of the Unemployment Trust Fund to:

- (1) The four county workforce investment boards to be used for workforce and economic development purposes; and
- (2) The Department of Labor and Industrial Relations (DLIR) to be used by the Workforce Development Council (WDC) to fund positions to identify additional funds and resources to support statewide workforce and economic development activities.

The Mayor of the County of Hawaii, Office of Housing and Community Development of the County of Hawaii, Hawaii County Workforce Investment Board, and several concerned individuals testified in support of this bill. WDC supported the intent of this measure.

The "Reed Act" is a provision in the Social Security Act that provides for the distribution of federal unemployment tax funds to state unemployment programs in the event that excess unemployment



tax revenues are collected. In the 1990s the federal government distributed Reed Act monies to the states, with Hawaii receiving approximately \$30 million.

However, to use these monies, the Legislature had to pass legislation that conformed Hawaii law to certain federal requirements and then appropriate the funds. In 2006 and 2007, the Legislature did that and appropriated \$10 million for workforce and economic development purposes. By all accounts provided by the various stakeholders, these monies were well spent and went a long way to accomplishing the goals of the WDC. However, more needs to be done.

Your Committee finds that the allocation of additional Reed Act monies would further enhance the economic and workforce development of the residents of our state.

While the County of Hawaii requested that \$2 million be allocated for the Hawaii Workforce Investment Board, this request is beyond the jurisdiction of your Committee on Labor and Public Employment and your Committee respectfully requests the Committee on Finance to further evaluate this request. However, your Committee finds that allowing the allocated funds to lapse at the end of the 2008-2009 fiscal year may not be in the best interests for the county workforce investment boards and DLIR.

Accordingly, your Committee has amended this measure by:

- (1) Inserting a provision that all moneys appropriated by this Act shall not lapse until June 30, 2010; and
- (2) Changing the effective date to July 1, 2009, to encourage further discussion; and

Other technical, nonsubstantive amendments were made for clarity, consistency, and style.

As affirmed by the record of votes of the members of your Committee on Labor & Public Employment that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 2964, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2964, H.D. 1, and be referred to the Committee on Finance.



Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



ALEX M. SONSON, Chair



State of Hawaii
House of Representatives
The Twenty-fourth Legislature

499.08

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: HB 2964	Committee Referral: LAB, FIN	Date: 02/05/08		
<input type="checkbox"/> The committee is reconsidering its previous decision on the measure.				
The recommendation is to: <input type="checkbox"/> Pass, unamended (as is) <input checked="" type="checkbox"/> Pass, with amendments (HD) <input type="checkbox"/> Hold <input type="checkbox"/> Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. SONSON, Alex M. (C)	X			
2. NAKASONE, Bob (VC)				X
3. EVANS, Cindy	X			
4. HAR, Sharon E.	X			
5. LEE, Marilyn B.	X			
6. LUKE, Sylvia	X			
7. McKELVEY, Angus L.K.	X			
8. NISHIMOTO, Scott Y.	X			
9. SOUKI, Joseph M.	X			
10. TAKAMINE, Dwight Y.	X			
11. TAKUMI, Roy M.	X			
12. MEYER, Colleen Rose		X		
13. PINE, Kymberly Marcos	X			
TOTAL (13)	11	1	0	1
The recommendation is: <input checked="" type="checkbox"/> Adopted <input type="checkbox"/> Not Adopted If joint referral _____ committee acronym(s) _____ did not support recommendation.				
Vice Chair's or designee's signature: _____				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office				