

Honolulu, Hawaii

Month 19, 2008

RE: S.B. No. 2876
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 S.B. No. 2876 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 moneys out of the Unemployment Trust Fund to:

- (1) The four county workforce investment boards to improve employer outreach and services, labor force pool expansion, and capacity building, and to fund some shared costs for the operations of the one-stop career centers within each county; 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 City and County of Honolulu, Mayor of the County of Hawaii, Hawaii County Workforce Investment Board, Office of Housing and Community Development of the County of Hawaii, Kanoelehua Industrial Area Association, Inc., Oahu Workforce Investment Board, and several concerned individuals testified in support of this bill. The Attorney General provided comments.



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 moneys to the states, with Hawaii receiving approximately \$30 million.

However, to use these moneys, the Legislature had to pass legislation that conforms 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 moneys 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 moneys would further enhance the economic and workforce development of the residents of our state. However, it is the understanding of your Committee that neither the County of Kauai nor the County of Maui has requested additional Reed Act funding for their respective workforce investment boards and that DLIR has not requested Reed Act funds for the WDC. Accordingly, your Committee has amended this measure by deleting the provisions that allocated moneys to:

- (1) The Maui Workforce Investment Board;
- (2) The Kauai Workforce Investment Board; and
- (3) DLIR for use by the WDC.

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 S.B. No. 2876, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2876, 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

HS42 1235-08

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.: SB 2876	Committee Referral: LAB, FIN	Date: 03-11-08		
<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	Y			
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)	7	0	0	6
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				