

STAND. COM. REP. NO.

2057

Honolulu, Hawaii

FEB 04 2008

RE: S.B. No. 3091

S.D. 1

Honorable Colleen Hanabusa
President of the Senate
Twenty-Fourth State Legislature
Regular Session of 2008
State of Hawaii

Madam:

Your Committee on Human Services and Public Housing, to which was referred S.B. No. 3091 entitled:

"A BILL FOR AN ACT RELATING TO LIFELONG LEARNING ACCOUNTS,"

begs leave to report as follows:

The purpose of this measure is to establish a lifelong learning accounts program in Hawaii to encourage employer and employee investment in upgrading skills of the incumbent workforce.

Testimony in support of this measure was submitted by the Governor's Policy Office, Department of Taxation, Department of Business, Economic Development and Tourism, and The Chamber of Commerce of Hawaii.

Your Committee finds that it is increasingly critical for Hawaii's workforce to be prepared for the high-skill demands of a twenty-first century economy. An unprepared, under-staffed workforce is a serious threat to the State's continued competitiveness and economic development.

Research by the Workforce Development Council and other agencies, show that while a highly trained, entry level workforce is very important, the overall skill level of the entry level workforce improves only gradually over time. The number of retiring baby boom workers is expected to exceed the number of new workers entering the workforce over the next several decades.



If Hawaii is to maintain a growing economy, it must make up for the impending shortage of workers with a more skilled and productive workforce. In this regard, an estimated seventy-five per cent of the workers who will serve the economy over the next ten years are already on the job. Accordingly, it is critical to ensure the continuous, lifelong, upgrading of skills of workers already in the workforce as well as better training among new entrants.

In Hawaii's predominantly small-business economy, it is difficult for firms to establish and maintain a program to upgrade training for their workers, or for those workers to engage in lifelong learning. As a result, only a very small proportion of the workforce is seriously engaged in skill upgrading. It is critical that Hawaii optimize its limited, existing workforce by assisting in the upgrading of skills and instilling the concept that learning does not stop with a traditional, formal education. An important step in achieving this goal is to establish a funding mechanism to encourage and help leverage private sector spending for incumbent worker training. One mechanism that has been instituted in a number of states is lifelong learning accounts.

Lifelong learning accounts are employer-matched educational savings accounts used to finance workers' education and training. The concept allows an individual worker to contribute money to a lifelong learning account and have that contribution matched by the worker's employer, similar to a 401(k), but for the purpose of education and training. Lifelong learning accounts encourage a partnership between workers and employers to effectively leverage resources and increase access to education and training. The accounts are grounded in the idea that individual responsibility, choice, and empowerment are key building blocks for self-reliance.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and style.

As affirmed by the record of votes of the members of your Committee on Human Services and Public Housing that is attached to this report, your Committee is in accord with the intent and purpose of S.B. No. 3091, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3091, S.D. 1, and be referred to the Committee on Economic Development and Taxation.



Respectfully submitted on
behalf of the members of the
Committee on Human Services and
Public Housing,

Suzanne Chun Oakland
SUZANNE CHUN OAKLAND, Chair



The Senate
 Twenty-Fourth Legislature
 State of Hawaii

Record of Votes
Committee on Human Services and Public Housing
HSP

Bill / Resolution No.:* SB 3091	Committee Referral: HSP, EDT, WAM	Date: 2/2/08
---	---	------------------------

The committee is reconsidering its previous decision on this measure.
 If so, then the previous decision was to: _____

The Recommendation is:

Pass, unamended 2312
 Pass, with amendments 2311
 Hold 2310
 Recommit 2313

Members	Aye	Aye (WR)	Nay	Excused
CHUN OAKLAND, Suzanne (C)	✓			
IHARA, Jr., Les (VC)	✓			
HOOSER, Gary L.				✓
SAKAMOTO, Norman	✓			
HEMMINGS, Fred	✓			
TOTAL	4	0	0	1

Recommendation:
 Adopted
 Not Adopted

Chair's or Designee's Signature: *[Handwritten Signature]*

Distribution:
 Original Yellow Pink Goldenrod
 File with Committee Report Clerk's Office Drafting Agency Committee File Copy

*Only one measure per Record of Votes