



**DEPARTMENT OF BUSINESS,  
ECONOMIC DEVELOPMENT & TOURISM**

**LATE TESTIMONY**

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Statement of  
**THEODORE E. LIU**  
Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEES ON JUDICIARY AND LABOR  
AND  
ECONOMIC DEVELOPMENT AND TAXATION**  
Tuesday, February 5, 2008  
9:00 AM  
State Capitol, Conference Room 016

in consideration of  
**SB3084**  
**RELATING TO  
WORKFORCE DEVELOPMENT COUNCIL**

Chairs Tanaguchi and Fukunaga, and Members of the Senate Committees on Judiciary and Labor, and Economic Development and Taxation.

The Department of Business, Economic Development and Tourism (DBEDT) strongly supports SB3084 an Administration bill that proposes to transfer the Workforce Development Council from the Department Labor and Industrial Relations (DLIR) to DBEDT.

The transfer of the Workforce Development Council (WDC) to DBEDT is a critical component of and would begin the critical process of aligning the state's economic development and workforce development policies, plans and programs.

The challenges that the United States is facing in a rapidly globalizing economy has led policymakers to the conclusion that workforce development and economic development are interdependent activities. In a globally interconnected and interdependent environment, workforce and economic policies and assistance are the most important policy drivers to growing and sustaining the economy. These two functions need to be aligned, integrated and working "shoulder to shoulder" to address the workforce's and economy's needs.

Instead, the historical separate silos these two functions have develop keep the state from developing integrated policies and programs to address critical issues, such as the skill-set

needs (a workforce development function) of existing and new businesses and emerging sectors (an economic development function) of Hawaii's economy. The Workforce Development Council is the body charged with recommending policy for state workforce development. To do this, the WDC needs to be a private-sector-driven body, focusing mainly on the interaction between the business sector and workforce programs. This is also the role of business and economic development. Rather, the WDC's primary role today is facilitating coordination among state level programs.

The principal advantages of this transfer include:

First and foremost, it ensures the close alignment and coordination of workforce and economic development policies and programs. It offers a way to:

- tightly align development of the workforce and use of funds with the needs and directions of the economy and businesses, with which DBEDT deals on a daily basis;
- help serve both the workforce and economic assistance needs of existing or new businesses that approach the State for help can be addressed as part of one process; and,
- assure that DBEDT's business development and marketing plans and efforts are coordinated with what the state's workforce training programs offer.

A second advantage is we believe that by better alignment of economic and workforce development strategies, Hawaii will also be in a much more competitive position to obtain private and federal grants from such agencies as the Economic Development Administration of the Commerce Department, the Employment and Training Administration in the Department of Labor and such private sources as the Lumina Foundation. Guidance has been received from the federal departments of Labor and Commerce departments that states which have aligned their workforce and economic development efforts will receive more funding. Hawaii's competitive position will also be enhanced with respect to private-sector funding, including philanthropic and foundation grants, which seek to assist innovative workforce and economic development efforts.

Currently, at least eight other states (Missouri, Kansas, Illinois, Michigan, Minnesota, and Mississippi, Oklahoma and Idaho) have combined their economic development and workforce functions to bring about the necessary alignment and effectiveness of both efforts. In

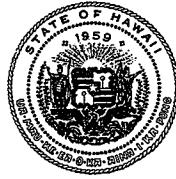
Missouri, the workforce development programs have been combined with economic development activities, leaving their department of labor free to focus its full attention on regulatory activities such as occupational safety and unemployment insurance programs, among others.

The bottom line is that the need for workforce and economic development programs to work together is essential to meeting the threat that labor and skill shortages pose to our future standard of living.

To summarize, we strongly believe this change will be a **first step** in the right direction towards aligning Hawaii's economic development policies and actions and workforce development to meet the challenges that Hawaii's workforce will face in the future.

We respectfully ask your support for this bill. Thank you for the opportunity to offer comments on this very important matter.

LINDA LINGLE  
GOVERNOR



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**LATE TESTIMONY**

February 4, 2008

To: The Honorable Brian Taniguchi, Chair  
and Members of the Senate Committee on Judiciary and Labor

The Honorable Carol Fukunaga, Chair  
and Members of the Senate Committee on Economic Development and Taxation

Date: February 5, 2008

Time: 9:00 a.m.

Place: Conference Room 016, State Capitol

From: Darwin L.D. Ching, Director  
Department of Labor and Industrial Relations

**Testimony in Support  
of  
Senate Bill 3084 - Relating to Workforce Development Council**

**I. OVERVIEW OF PROPOSED LEGISLATION**

Senate Bill 3084 is an Administration proposal which transfers the Workforce Development Council ("WDC") from the Department of Labor and Industrial Relations ("Department") to the Department of Business, Economic Development, and Tourism ("DBEDT") to assist in aligning Hawaii's workforce development policy with the State's economic development initiatives.

**II. CURRENT LAW**

Currently, Chapter 202, Hawaii Revised Statutes ("HRS"), establishes the state Workforce Development Council and places it within the Department for administrative purposes. The WDC is tasked with two (2) primary responsibilities:

1. Acts as the principle advisory board for workforce development policy and funding priorities to the Governor and the Legislature; and
2. Acts as the Statewide Workforce Investment Board, as required by the federal Workforce Investment Act.

### **III. SENATE BILL**

The Department strongly supports S.B. 3084 as the Department believes that this bill will better align workforce development policies with economic development policies of the State of Hawaii. This alignment of economic and workforce development priorities will position Hawaii to improve the skill level of Hawaii's workforce and create a larger labor pool with improved skill sets to address the state's growing labor shortage.

1. The merging and expansion of the state's current Workforce Development Council, and the inclusion of resources available at DBEDT would allow the State to concentrate on priorities that focus on the needs and goals of improving our State's labor pool.
2. The merging of state workforce development programs and economic development is strongly supported by the National Governor's Association. Currently, states such as Missouri, Kansas, Idaho, Illinois, Michigan, Minnesota, Mississippi, and Oklahoma have combined their economic development and workforce functions to address the need for a more concerted effort at business development and support.
3. Statewide workforce development activities should not be centered on a select population. While the need to address the needs of the hard to employ, low income and limited education population is important and necessary, the success in sustaining and growing Hawaii's economy rests in providing workforce development programs to all of Hawaii's residents and developing the wealth of human capital that will propel Hawaii forward in a global economy.
4. As workforce development and economic development are interdependent activities, the logical choice for expanding and improving Hawaii's workforce development program lies within the Department of Business, Economic Development, and Tourism DBEDT.