

EXECUTIVE CHAMBERS
HONOLULU

LINDA LINGLE
GOVERNOR

Testimony of Linda L. Smith
Senior Policy Advisor to the Governor

Before the

Senate Committee on Human Services and Public Housing

Saturday, February 2, 2008, 1:15 p.m.
State Capitol, Conference Room 16

SB 3091 Relating to Lifelong Learning Accounts

Chair Chun Oakland, Vice Chair Ihara, and Members of the Committee:

On behalf of Governor Lingle I want to express appreciation for the prompt hearing scheduled on this important bill--part of Governor Lingle's Innovation Initiative to Transform our Economy. This bill is referred to as the LiLA bill, which stands for Lifelong Learning Accounts.

Lifelong learning accounts are basically employer-matched, 401k-type savings accounts to pay for upgrading the skills of current employees. The bill allows for tax credits for both employees and employers--refundable for the employee, non-refundable for the employer, but allowed to be carried forward into future years. It encourages a partnership between the employee and the employer in order to leverage resources for training.

Simply put, the bill recognizes that the world and the global economy are evolving faster than we workers are--and funding to retool ourselves for new skills and new jobs is essential to keeping ourselves relevant, useful members of society. We all have heard about the blacksmiths who went out of business because they failed to learn how to change tires instead of horseshoes. We are facing the same situation today.

While we cannot predict with certainty the types of jobs that will need to be filled in years ahead, we can know with certainty that we need to encourage our residents to be poised and properly trained for these jobs. This is part of the personal responsibility Governor Lingle spoke so eloquently about in her State of the State message last week.

The estimated \$500,000 revenue impact of this proposal has been included in the six-year financial plan. We urge your prompt and favorable action on this bill, SB 3091.

LINDA LINGLE
GOVERNOR

JAMES R. AIONA, JR.
LI GOVERNOR



KURT KAWAFUCHI
DIRECTOR OF TAXATION

SANDRA L. YAHIRO
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SENATE COMMITTEE ON HUMAN SERVICES & PUBLIC HOUSING

TESTIMONY REGARDING SB 3091 RELATING TO LIFELONG LEARNING ACCOUNTS

TESTIFIER: KURT KAWAFUCHI, DIRECTOR OF TAXATION (OR DESIGNEE)

DATE: FEBRUARY 2, 2008

TIME: 1:15PM

ROOM: 016

This bill proposes, among other things, a tax credit for employee and employer contributions to Lifelong Learning Accounts.

The Department of Taxation (Department) supports this Lingle-Aiona administration measure.

I. LIFELONG LEARNING ACCOUNTS, GENERALLY

Workforce development and continuing professional development and education of Hawaii's employees is an important aspect to moving Hawaii forward with an economy of innovation. A Lifelong Learning Account operates similar to a 401(k), in the sense that employers may contribute matching funds to these accounts. By providing the means for employees to contribute to an educational development account (Lifelong Learning Account) and by further providing for employers to match these funds, workers of Hawaii can assure themselves of the means to remain at the cutting-edge of workplace training. This bill further seeks to provide financial incentives for Lifelong Learning Accounts through the means of both employee and employer tax credits.

II. LIFELONG LEARNING ACCOUNT TAX CREDITS

EMPLOYEE CREDIT—The employee tax credit proposed in this bill seeks to provide the following credit for payments made to a Lifelong Learning Account:

- \$1,000—married filing jointly
- \$500—all other filing statuses.

The credit proposed is refundable, which means that to the extent the amount contributed to the Lifelong Learning Account exceeds the taxpayer's tax liability, any remaining amount will be

Department of Taxation Testimony
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February 2, 2008
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refunded to the taxpayer.

EMPLOYER CREDIT—The employer tax credit proposed in this bill seeks to provide a credit up to \$500 per employee for contributions made to employee Lifelong Learning Accounts. The employer credit may be carried forward into future tax years, until exhausted.

This legislation will result in revenue loss of approximately \$27.2 million in FY2009 and annually thereafter.

The Department supports this legislation and recommends the Committee pass this measure.



DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

LINDA LINGLE
GOVERNOR
THEODORE E. LIU
DIRECTOR
MARK K. ANDERSON
DEPUTY DIRECTOR

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Statement of
THEODORE E. LIU
Department of Business, Economic Development, and Tourism
before the
SENATE COMMITTEE ON HUMAN SERVICES AND PUBLIC HOUSING
Saturday, February 2, 2008
1:15 PM
State Capitol, Conference Room 016

in consideration of
SB3091
RELATING TO
LIFELONG LEARNING ACCOUNTS.

Chair Chun Oakland, Vice Chair Ihara, and Members of the Senate Committee on Human Services and Public Housing.

The Department of Business, Economic Development and Tourism (DBEDT) strongly supports SB3091, an Administration bill that proposes to establish Lifelong Learning Accounts program and tax credit to support upgraded training for incumbent workers and participation by employers and employees through tax credit incentives.

As you know, the development of a skilled and well-trained workforce is the cornerstone of a competitive economy in new world of global commerce. The rapid pace of technological change globally means that our state's ability to compete economically depends not only on using the latest technology, but utilizing proven programs that can upgrade the skills of an experienced incumbent workforce across all of Hawaii's industrial sectors.

Initiatives in this and last years sessions address the need to make sure that high school and college graduates entering the labor market have state-of-the-art skills. Those skills will help increase the competitiveness of Hawaii's economy over time. But 70% to 80% of the workers and managers in our economy over the next 10 to 20 years are already "on the job" – they are incumbent workers. Because the addition of new workers is a slow process, these incumbent workers should periodically upgrade their skills, in order for Hawaii to more rapidly build and maintain a competitive workforce. According to the National Center for Public Policy

and Higher Education, *only 3.6 percent of adult workers in Hawaii between 25 and 49 years of age were enrolled part time in any type of post-secondary training in 2006. This compares with 5.1% for the best states.* On the other hand, the state's Workforce Development Council (WDC) estimates that about 63%, or more than 400,000 jobs in state's economy, require post-secondary training that should be periodically updated with more current knowledge and skills. There is clearly a huge gap between the amount of incumbent worker training that should, and actually is taking place, even nationally.

Adding to this problem, Hawaii's small businesses, which make up over 95% our state's economy, find it costly to keep up with training requirements. Likewise, it is expensive and time consuming for workers to upgrade their skills, even though it usually results in increased pay. Thus, while the economy desperately needs more skilled workers, there are barriers for workers and businesses to make the needed investment.

According to the Workforce Development Board from the high unemployment era of the 1990s, Hawaii has encountered increasing labor shortages in the 2000s. This reversal has been primarily due to the labor demands of a fast-growing economy beginning in 2001. The labor shortage situation will likely worsen over the next decade as the large number of baby boom workers leave the labor force; in contrast, smaller numbers of youth are entering the labor force. The lack of skilled workers at all levels will likely result in the rapid movement of personnel into increasingly more responsible positions--such as mid-level management--with less experience than desirable.

Unlike conditions in the past, when finding jobs for people was the high priority for workforce and economic development, the focus is now on finding qualified workers.

- Projections by the Department of Labor and Industrial Relations ("DLIR") indicate that more than 24,000 openings will occur annually in Hawaii's economy between 2004 and 2014 due to growth and replacement of workers.
- At the same time, only 12,000 to 14,000 young people will enter the workforce each year over that period. Even assuming all of them enter the workforce, which is unlikely, they will only fill about half of the expected openings.

DBEDT and DLIR have looked at models for addressing this gap with our education and workforce development partners and identified the emerging program of “Lifelong Learning Accounts” (or LiLAs as they are called) as an excellent approach.

Under this program, employers and employees contribute an equal amount each year to the employee’s Lifelong learning account. The accounts would be portable as an employee changes jobs, but are maintained and administered by a third party fiduciary. At the employee’s discretion, the funds can be used for a range of training activities within the scope of an *Individual Learning Plan* (ILP) agreeable to both the employee and employer. There is no limit to the amounts employers and employees may contribute to the accounts, but we are proposing a tax credit of up to \$500 per year each for the employee and employer to encourage participation (for a total annual training fund of \$1,000). This amount can be applied to up to two part-time community college courses¹. The program would be administered by the Department of Labor and Industrial Relations (DLIR). Assuming that an average of about 1,500 employees will contribute \$500 to a LiLA account, matched by their employers over the next two years, the cost of the tax credit is estimated at about \$3 million for the biennium, or an average of \$1.5 million per year.

The LiLA approach is also recommended by the State Workforce Development Council. Further, states including Maine, Illinois, Kansas and Missouri have developed LiLA demonstration programs under the guidance of the national Council for Adult and Experiential Learning (CAEL). CAEL has organized and helped run LiLA demonstration projects since 2001, involving 37 companies and 359 employees in several states. In addition to working out the logistics of the LiLA process, CAEL found solid support for the program and a desire to continue beyond the demonstration stage. CAEL found that as of June 2005, all participants had established their Individual Learning Plan (ILP) and 53% had taken at least one course and many had taken more than one. These employees have experienced greater success than their non LiLA peers in receiving promotions and 88% to 90% of employees and 87% of employers were satisfied or very satisfied with the program. CAEL is currently conducting further multi-sector LiLA demonstrations in Chicago, Northeast Indiana, and San Francisco.

With the testing of LiLAs an apparent success, Congress has moved to create a nationwide pilot program to see if Federal tax incentives can accelerate the spread of this program. In early January 2007, **the Lifelong Learning Accounts Act of 2007** was introduced by Senators Maria Cantwell (D-WA) and Olympia Snowe (R-ME). Representative Tom Allen (D-ME) introduced similar legislation, in the U.S. House of Representatives on June 28, 2007. The program is designed to demonstrate multiple approaches to Lifelong Learning Account tax benefits and targets tax incentives to lower and middle-income earners and their employers to save and spend for education and training to improve their career related skills and knowledge. This Act amends the Internal Revenue Code of 1986 to establish a LiLA demonstration program for up to 200,000 workers in up to 10 states. The Department of Treasury will select participating states in a competitive process.

We are confident that with an established and funded LiLA program, Hawaii will have a very good chance of being one of the ten states chosen. The CAEL organization stands ready to assist interested states in getting the LiLA programs set up. If only 10% of Hawaii's incumbent workers (about 60,000 workers), along with their employers, could be persuaded to contribute \$500 annually to a LiLA account, Hawaii would have the equivalent of a ***\$60 million annual training fund***. This would not only provide substantial skill upgrading, it would also support the development of a much more extensive and effective training industry in Hawaii. By comparison the State's Employment Training Fund (ETF) generates between \$1 million to \$2 million per year from employers which is redistributed to firms that are ready to train workers.

In summary, we believe, that this type of employee-centered and employer supported training fund could be a critical component of what is needed to bring about life-long learning and life-long achievement among Hawaii's workforce. The concept has been successfully tested and there is ample expertise available from CAEL to help us develop the program for Hawaii. With very significant Federal support for selected states being proposed, Hawaii has the opportunity to leap ahead of most other states in significantly increasing the amount of incumbent worker upgrade training.

LiLAS have the potential to provide Hawaii's incumbent workforce with incentives to elevate their skill levels to fill the needed jobs in today's market place which in turn will lead them to a higher standard of living.

We urge you support for this needed incentive in Hawaii's worker training and re-training toolbox.

Thank you for the opportunity to offer these comments.



**The Chamber of
Commerce of Hawaii**
Since 1850

**Testimony to the Senate Committee on
Human Services and Public Housing
Saturday, February 2, 2008 at 1:15 p.m.
Conference Room 016, State Capitol**

RE: SENATE BILL 3091 RELATING TO LIFELONG LEARNING ACCOUNTS

Chair Chun Oakland, Vice Chair Ihara, and Members of the Committee:

My name is Jim Tollefson and I am the President and CEO of The Chamber of Commerce of Hawaii ("The Chamber"). The Chamber supports Senate Bill No. 3091 relating to Lifelong Learning Accounts.

The Chamber is the largest business organization in Hawaii, representing over 1100 businesses. Approximately 80% of our members are small businesses with less than 20 employees. The organization works on behalf of members and the entire business community to improve the state's economic climate and to foster positive action on issues of common concern.

This measure establishes a Lifelong Learning Accounts program and tax credit in the Department of Labor and Industrial Relations to support upgraded training for the incumbent workforce, and encourages participation by employers and employees through tax credit incentives.

An effective workforce development system is necessary to construct a trained workforce, attract investment and business to the State, and to develop productive jobs for our people. To remain competitive, business needs employees, especially incumbent employees, who are prepared to address the quickly altering demands of the 21st century workplace. Additionally, over 90% of businesses in Hawaii are small businesses. These companies face economic obstacles and hurdles, and often struggle to improve and fund job training or educational programs on their own.

Therefore, Hawaii businesses have a crucial interest in strengthening workforce development and endeavor to be a part of the resolution. As the largest business organization, The Chamber supports legislation that recognizes state and local initiatives to improve education and workforce development.

In the Chamber's 2007 Survey, the membership identified workforce development as one of the top three issues that the Chamber should focus on as well as ranked the availability and quality of the workforce as two of the top three most important issues facing their business. This measure serves as a positive step in the right direction in addressing some of the workforce development issues.

In light of the above, The Chamber of Commerce of Hawaii supports SB 3091. We respectfully request that the committee pass this bill for further discussion and consideration.

LINDA LINGLE
GOVERNOR



DARWIN L.D. CHING
DIRECTOR

COLLEEN Y. LaCLAIR
DEPUTY DIRECTOR

**STATE OF HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS**

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February 1, 2008

To: The Honorable Suzanne Chun Oakland, Chair
and Members of the Senate Committee on Human Services and Public Housing

Date: February 2, 2008
Time: 1:15 p.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 3091 - Relating to Lifelong Learning Accounts**

I. OVERVIEW OF PROPOSED LEGISLATION

Senate Bill 3019 is an Administration proposal which establishes a Lifelong Learning Accounts ("LiLAs") program and tax credit in the Department of Labor and Industrial Relations' ("Department") to support upgraded training for the incumbent workforce, and encourages participation by employers and employees through tax credit incentives.

II. CURRENT LAW

Currently, the only incumbent worker training program offered by the Department to assist in upgrading employee skills is the employer funded Employment Training Fund ("ETF")

In 1991, the legislature added an additional .05 percent assessment on wages subject to unemployment taxes to fund an employment and training fund. This law was to sunset at the end of 1996. It was assumed that the fund would be allowed to sunset because the training programs had provided employment training to only a small percentage of the workforce. However, instead of allowing the fund to sunset, the legislature made it

permanent and expanded the purposes for which the funds could be used to include grants and subsidies to agencies which provide services for the school-to-work program.

Additionally, because the ETF fund was established on a temporary basis the tax on employers was designed to be phased out incrementally. As such, the tax on employers had been reduced from .05 percent to a .01 percent assessment on wages. Once the program and fund was made permanent, the assessment was never restored to the original funding level. This has caused the ETF to require that employers pay for fifty (50) percent of the training or any excess beyond the tuition cap. Today, less than five (5) percent of Hawaii businesses are utilizing the fund although they entirely fund the program.

III. SENATE BILL

The Department strongly supports S.B. 3019 as it creates employee-centered portable "Lifelong Learning Accounts," enabling employees already in the workforce to set aside pre-tax monies, matched by employers, for job training and educational needs. This will assist the State in establishing a comprehensive workforce development program that addresses all of Hawaii's population while helping to sustain and grow the economy.

Need

1. It is increasingly critical for Hawaii's workforce to be prepared for the high-skill demands of a twenty-first century economy. An unprepared workforce is one of the biggest hurdles to the state's continued economic development and sustainability.
2. It is also estimated that 70 to 80 percent of the workers and managers needed in our economy over the next 10 to 20 years are already on the job. Therefore, it is critical that Hawaii optimize its existing workforce by assisting employers and incumbent workers in upgrading their skills.
3. Over 90% of Hawaii's businesses are small businesses and often face financial hurdles to providing their employees with needed job training or educational programs that improve individual skills of their employees. Additionally, employees find it difficult to fund job training or educational programs on their own.
4. In the states that have implemented LiLAs, the participants had the following characteristics:
 - a. Nearly half of the participants are non-white;
 - b. Nearly half earn less than \$30,000;
 - c. Over half are female;
 - d. Over half are under age 40;

- e. Average monthly savings rate for active participants: \$28.97; and
- f. Courses of study include: nursing, lab technician, management, accounting, computers, HVAC (heating, ventilating, and air conditioning), quality assurance, culinary arts, and English as Second Language.

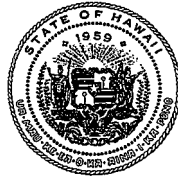
Solution / Proposal

1. LiLAs are employee-owned, portable individual accounts used to finance education and training that are similar to a 401(k)'s, but are utilized instead for skill building and career advancement. The intent is to allow workers the ability to upgrade their skills and knowledge to meet the labor needs of Hawaii's employers.
2. The LiLA model has been piloted by the Council for Adult & Experiential Learning ("CAEL") – the organization that designed the model – over the last 5 years. Preliminary data shows positive outcomes for workers and employers. Lower and moderate income workers and those with lower educational levels are able to participate. Both LiLA employees and employers are satisfied with the program and would continue to participate beyond the pilot program if it were offered.
3. Many other states are adopting LiLA programs or considering them. Two states already have adopted LiLA legislation: Maine is in the early stages of implementing a LiLA program that covers much of the state and Illinois, which has passed legislation for a statewide LiLA demonstration program in healthcare. Missouri and Kansas in the Kansas City region will be starting a LiLA demonstration program this year as part of their WIRED grant (Workforce Innovations for Regional Economic Development) from the US Department of Labor. Stakeholders in other states are exploring LiLA programs and policy, including Pennsylvania, Michigan, New York, and Massachusetts.
4. LiLAs will be universal, portable, self-managed educational advancement accounts for adult workers funded by the individual employee, employers, and public sources. This will allow the employee to continue utilizing their account should they change employers or during periods of unemployment.
5. The program is open to all industries and employers, but the program will put an additional emphasis on the healthcare, hospitality, and technology industries. These industries have typically been cited as having significant labor needs (healthcare and hospitality) and or have been routinely acknowledged as critical to the growth and sustainability of Hawaii's economy (Technology).
6. Essentially, an employer and employee choose to establish an account in which the employee would provide money through payroll deductions into their LiLA account and the employer would match, dollar for dollar, the employee contribution, up to \$500 dollars per year. There is no exclusion if the employee wishes to provide more

- funding to their account or if the employer voluntarily matches any amounts contributed by the employee over the initial \$500 contributed per year. However, for the purposes of this law, the employer will only be obligated to match \$500 per year that is contributed to the account.
7. In order to provide incentive to employers and employees to participate, the bill also offers both employers and employees tax credits of up to \$500 per year to offset contributions to these personal training accounts. While the tax credit for employees and employers are limited to \$500 per individual, again, there is no exclusion if the employee wishes to provide more funding to their account or if the employer voluntarily matches any amounts contributed by the employee over the initial \$500 contributed per year. However, the tax credit for employee and employer per account is capped at \$500.
 8. Unlike current job training and education programs funded through the state and federal government, employees would be able to seek job training courses of their choice from public, private, and non-profit educational or job training institutions of their choice. Also, unlike current student aid programs working adults can access, LiLAs can cover a wide range of educational expenses, which the Department will specify in regulations.
 9. From an operational standpoint, the LiLAs would be run through the Department, which provides oversight over workforce development, and down to the counties through their respective One Stop Centers. The state and counties already have the structure necessary to implement the LiLA program by utilizing the organizational structure and relationship established by the WIA.
 10. The Department and counties would provide outreach and informational briefings to employers and employees. Additionally, staff will assist in establishing the accounts, providing fiduciary responsibility that the funds are being spent on job training and educational programs. Additionally, the Department would assist employees with skills assessment, individual counseling, and career planning. These services will help to ensure that workers are making informed choices about the use of their LiLA funds.

The LiLA design encourages continuous and revolving saving for and spending on education and training; therefore, encourages employees to commit to lifelong learning and education. Additionally, this program will give individual employees a long-term stable financial environment to seek job training and skill building guidance, as well as the actual job training and skill building assistance. This proposal has promise in providing a secondary effect in producing social attitudinal shift of our society in committing to lifelong learning. LiLAs would be held and operated by individuals on a lifelong basis, and only the individual LiLA holder would have the authority to use the account for spending on learning or job training.

LINDA LINGLE
GOVERNOR



GREGG YAMANAKA
CHAIR

ANN YAMAMOTO
EXECUTIVE DIRECTOR

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February 2, 2008

To: Senator Suzanne Chun Oakland, Chair
Senator Les Ihara, Vice Chair
and Members of the Committee on Human Services and Public Housing

From: Gregg Yamanaka, Chair
Workforce Development Council

Subject: **SB3091 Relating to Lifelong Learning Accounts**
Establishes a LiLA Program in DLIR
Hearing Saturday, February 2, 2008; 1:15 pm; Conference Room 016

The Workforce Development Council (“WDC”) supports SB3091 which establishes a lifelong learning program in the Department of Labor and Industrial Relations (“DLIR”) to support upgraded training for the incumbent workforce in the healthcare, hospitality, and technology industries.

The proposed Lifelong Learning Account (“LiLA”) Program will support incumbent worker training through establishment and administration of a state-supported voluntary program to facilitate employer matching of employee training expenditures. Incumbent worker training (training to raise the skill level of individuals already in the workforce) is one of WDC’s priorities. The critical features of the proposal that prompts WDC support includes:

- state-support in establishing and administering the program,
- the provision of state tax credits for both employers and employees, and
- a provision to encourage participation by lower-income and lower-skilled workers.

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The result of the proposed program will be larger numbers of better-prepared workers available to support and maintain Hawaii's economy. It will also mean greater opportunity, higher pay, and an improved standard of living for Hawaii's people. The proposal is wholly consistent with the state's workforce development plan.

Thank you for this opportunity to comment.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Gregg Yamamoto". The signature is written in a cursive, flowing style.

The Hawaii Workforce Development Council is a private-sector led body responsible for advising the governor on workforce development to support economic development and employment opportunities for all. It is the State's advisory commission on employment and human resources as defined by the Hawaii Revised Statutes. The council is also the State Workforce Investment Board for purposes of the Workforce Investment Act ("WIA") of 1998. It assists the Governor in developing and updating comprehensive five-year strategic workforce investment plans and oversees workforce (public) investment activities in the state.

L E G I S L A T I V E

32-33
TAXBILLSERVICE

126 Queen Street, Suite 304

TAX FOUNDATION OF HAWAII

Honolulu, Hawaii 96813 Tel. 536-4587

SUBJECT: INCOME, Lifelong learning account tax credit**BILL NUMBER:** SB 3091; HB 3169 (Identical)

HSP 2/a

INTRODUCED BY: SB by Hanabusa by request; SB by Say by request

BRIEF SUMMARY: Adds a new section to HRS chapter 235 to allow taxpayers to claim a lifelong learning account tax credit. The credit shall be 100% of the payments made by a taxpayer into a lifelong learning account established for the benefit of the taxpayer during a taxable year. The credit shall be a deduction against a taxpayer's net income tax liability for the taxable year the taxpayer makes payments into the lifelong learning account. The moneys in the lifelong learning account are to be used to pay educational expenses as delineated by the department of labor and industrial relations.

A taxpayer who is not claimed or not eligible to be claimed as a dependent by a taxpayer for Hawaii individual income tax purposes may also claim the credit. The credit shall not exceed \$1,000 in the aggregate for a husband and wife filing a joint return, provided that a husband and wife filing separately shall be entitled to only the amount of credit which they would have been entitled to if they filed jointly. The credit shall not exceed \$500 in the aggregate for all other taxpayers.

Defines "lifelong learning account" and "net income tax liability" for purposes of this section.

Credits in excess of a taxpayer's income tax liability may be refunded to the taxpayer provided that such amount is over \$1. Claims for the credit, including any amended claims, must be filed on or before the end of the twelfth month following the close of the taxable year.

Adds a new section to HRS chapter 235 to allow employers to claim a non-refundable tax credit for payments made by the employer during the taxable year as matching payments to lifelong learning accounts for individual employees. The tax credit shall be equal to 100% of the amount contributed by the employer into the taxpayer's lifelong learning account made by the taxpayer; not to exceed \$500 per employee.

Credits in excess of a taxpayer's income tax liability may be applied to subsequent income tax liability. Claims for the credit, including any amended claims, must be filed on or before the end of the twelfth month following the close of the taxable year. The director of taxation shall prepare the necessary forms to claim the credit.

Defines "lifelong learning account" for purposes of this section.

Further adds a new section to HRS chapter 394 to require the department of labor and industrial relations to establish a lifelong learning accounts program.

EFFECTIVE DATE: July 1, 2008 applicable to tax years beginning after December 31, 2007



HAWAII GOVERNMENT EMPLOYEES ASSOCIATION

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The Twenty-Fourth Legislature, State of Hawaii
Hawaii State Senate
Committee on Human Services and Public Housing

Testimony by
Hawaii Government Employees Association
February 2, 2008

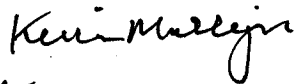
S.B. 3091 – RELATING TO LIFELONG LEARNING ACCOUNTS

The Hawaii Government Employees Association supports the purpose and intent of S.B. 3091. We agree that if we are to maintain a vibrant economy, we must develop a skilled and productive workforce requiring the continuous upgrading of skills by employees already in the workforce, as well as better training among new employees. Today, learning does not stop with end of traditional, formal education.

Development of employer-matched educational training accounts can be used to finance workers' education and training to upgrade their knowledge and skills. Under the provisions of S.B. 3091, lifelong learning accounts will allow an individual worker to contribute money and have that contribution matched by their employer. This concept is similar to a 401(k) account, but for the purpose of education and training.

We believe that lifelong learning accounts will benefit not only our members but our community as a whole. Thank you for the opportunity to testify in support of S.B. 3091.

Respectfully submitted,


for
Nora A. Nomura
Deputy Executive Director