

JAN 26 2009

A BILL FOR AN ACT

RELATING TO LIFELONG LEARNING ACCOUNTS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that it is increasingly
2 critical for Hawaii's workforce to be prepared for the high-
3 skill demands of a twenty-first century economy. An unprepared
4 workforce is a serious threat to the State's continued
5 competitiveness and economic development. Research by the
6 workforce development council and other agencies, show that
7 while a highly trained, entry-level workforce is very important,
8 that entry-level workforce improves the overall skill level only
9 gradually over time. An estimated seventy-five per cent of the
10 workers who will serve the economy over the next ten years are
11 already on the job. The impending retirement of baby boom
12 workers is expected to exceed the entry of new workers into the
13 economy over the next several decades.

14 If Hawaii is to maintain a growing economy, it must balance
15 this shortage of workers with a more skilled and productive
16 workforce. This means ensuring the continuous, lifelong,
17 upgrading of skills by workers already in the workforce as well
18 as better training among new entrants.

1 However, in Hawaii's predominantly small-business economy,
2 it is difficult for firms to establish and maintain a program to
3 upgrade training for their workers, or for those workers to
4 engage in lifelong learning. As a result, only a very small
5 proportion of the workforce is seriously engaged in skill
6 upgrading. It is critical that Hawaii optimize its limited,
7 existing workforce by assisting in the upgrading of skills and
8 instilling the concept that learning does not stop with a
9 traditional, formal education.

10 An important step is to establish a funding mechanism to
11 encourage and help leverage private sector spending for
12 incumbent worker training. One mechanism that has been
13 instituted in a number of states is lifelong learning accounts.

14 Lifelong learning accounts are employer-matched educational
15 savings accounts used to finance workers' education and training.
16 The concept allows an individual worker to contribute money to a
17 lifelong learning account and have that contribution matched by
18 the worker's employer, similar to a 401(k), but for the purpose
19 of education and training. Lifelong learning accounts encourage
20 a partnership between workers and employers to effectively
21 leverage resources and increase access to education and
22 training. The accounts are grounded in the idea that individual

1 responsibility, choice, and empowerment are key building blocks
2 for self-reliance.

3 This Act establishes a lifelong learning account program in
4 Hawaii, in order to encourage employer and employee investment
5 in upgrading the skills of the incumbent workforce. In recent
6 years, the United States Congress has debated this issue. This
7 bill will establish the framework for a lifelong learning
8 account program in order to qualify should federal programs be
9 implemented and to also seek private funding through sources
10 such as the Council for Adult and Experiential Learning.

11 SECTION 2. Chapter 394, Hawaii Revised Statutes, is
12 amended by adding a new section to be appropriately designated
13 and to read as follows:

14 "§ 394- Lifelong learning account. (a) There is
15 established a lifelong learning accounts program.

16 (b) For the purposes of this section, "lifelong learning
17 account" means an individual asset account held by a trustee,
18 custodian, or fiduciary approved by the department of labor and
19 industrial relations on behalf of employees working in the
20 State. The moneys in the individual asset account shall be used
21 only to pay education related expenses incurred by or on behalf
22 of the employee.

Report Title:

Lifelong Learning Accounts; Adult Education; Training

Description:

Establishes a Lifelong Learning Accounts program in the Department of Labor and Industrial Relations to support upgraded training for the incumbent workforce, and encourages participation by employers and employees.

SB 946

JUSTIFICATION SHEET

DEPARTMENT: Labor and Industrial Relations

TITLE: A BILL FOR AN ACT RELATING TO LIFELONG LEARNING ACCOUNTS.

PURPOSE: The purpose of this bill is to establish a Lifelong Learning Accounts program to improve the skill level of Hawaii's workforce.

MEANS: Add a new section to chapter 394, Hawaii Revised Statutes.

JUSTIFICATION: The lifelong learning program works with other elements of the Innovation Initiative to develop a competitive workforce with the skill levels to support high-skill, high-wage industries in the future. Without efforts to raise skill levels and institute other initiatives to build a competitive workforce, Hawaii cannot maintain, much less advance, its standard of living.

Impact on the public: The program will significantly increase the skills and advancement of the current workforce.

Impact on the department and other agencies: The Department of Labor and Industrial Relations will initiate and administer the new program.

GENERAL FUND: None.

OTHER FUNDS: Federal.

PPBS PROGRAM DESIGNATION: LBR-111.

OTHER AFFECTED AGENCIES: Department of Accounting and General Services.

EFFECTIVE DATE: July 1, 2009.