

Honolulu, Hawaii

March 16, 2010

RE: S.B. No. 2549
S.D. 1

Honorable Calvin K.Y. Say
Speaker, House of Representatives
Twenty-Fifth State Legislature
Regular Session of 2010
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred S.B. No. 2549, S.D. 1, 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 and assist unemployed individuals, especially during these difficult economic times, through, among other things, the allocation of Reed Act moneys out of the Unemployment Insurance Trust Fund (UI Trust Fund). Specifically, this bill:

- (1) Amends the appropriation of Reed Act moneys to the Workforce Investment Boards on the islands of Oahu, Maui, Kauai, and Hawaii;
- (2) Amends the appropriation of Reed Act moneys to be used by the Workforce Development Council; and
- (3) Repeals the appropriation of Reed Act moneys allocated to the Department of Labor and Industrial Relations (DLIR) for administrative expenses.

The Office of the Mayor of the County of Hawaii; Goodwill Industries of Hawaii, Inc.; Hawaii Island Workforce & Economic Development Ohana; Going Home Consortium; ALU Like, Inc. - Employment and Training Program; 12-Mile Kumiai Association-Kurtistown; and numerous concerned individuals testified in



support of this bill. The Workforce Development Council (WDC) supported the intent of this measure. DLIR opposed this bill.

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.

In 2006 and 2007, the Legislature appropriated \$10 million in Reed Act moneys 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 does note the concerns raised by DLIR that available moneys in the UI Trust Fund for the purposes of this bill may be non-existent prior to the enactment of this legislation. Nevertheless, this matter deserves further consideration.

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. 2549, S.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Finance.

Respectfully submitted on
behalf of the members of the
Committee on Labor & Public
Employment,



KARL RHOADS, Chair



