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March 23, 2012

To: The Honorable David Ige, Chair,
The Honorable Michelle N. Kidani, Vice Chair, and
Members of the Senate Committee on Ways and Means

Date: Wednesday, March 28, 2012
Time: 9:30 a.m.
Place: Conference Room 211, State Capitol

From: Dwight Y. Takamine, Director
Department of Labor and Industrial Relations (DLIR)

Re: H.B. No. 2655 HD 2 Relating to Labor

I. OVERVIEW OF PROPOSED LEGISLATION

- H.B. No. 2655 HD2 seeks to establish a training program to expand workforce investment activities currently administered by the department pursuant to the Workforce Investment Act of 1998.

- The bill appropriates an undefined amount of State funds for this training program and allocates them to county workforce investment boards.

- Target population for the training program includes the unemployed and underemployed; veterans; persons with disabilities; non-native English speakers; homeless persons; and persons recently released from incarceration.

- The bill also allows the department to use monies in the Employment Training Fund for one year to pay for costs to administer, report, and oversee Workforce Investment Act programs for which insufficient federal funds were allotted.

II. CURRENT LAW

There is no comparable State law at this time—only a tiny amount of general funds supports workforce development activities in DLIR.

III. COMMENTS ON H.B. No. 2655, HD 2

The workforce development activities of the department are currently under serious fiscal constraints due to restrictions arising out of recent federal budget decisions. Therefore, the department appreciates the intent of this measure to augment and expand the reach of workforce investment activities. If the legislature chooses to provide general funds for workforce activities, the department requests that the allocation of those program funds include a 15% proportion for administration.

In addition, the fiscal constraints for administrative costs are severe, and they will seriously erode the department's capability to administer federal funds being received for workforce program. While a more permanent solution is sought, the bill will enable the department to carry out its required functions to oversee, manage, report, and draw down cash to allow the continued operation of federal programs on every county. Without these financial resources, the integrity of the programs will be jeopardized, and counties may experience long delays in receiving cash that could result in temporary shutdowns of programs.

The department supports this measure as long as its passage does not displace the funding priorities of the administration.