



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

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February 12, 2013

To: The Honorable Sylvia Luke, Chair,
The Honorable Scott Nishimoto, Vice Chair,
The Honorable Aaron Ling Johanson, Vice Chair, and
Members of the House Committee on Finance

Date: Thursday, February 14, 2013
Time: 2:45 p.m.
Place: Conference Room 308, State Capitol

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

Re: H.B. No. 927 Relating to the Employment and Training Fund

I. OVERVIEW OF PROPOSED LEGISLATION

H.B. No. 927 amends Section 383-128(b)(2) and (3), Hawaii Revised Statutes (HRS), to emphasize the need to assist small businesses in business specific training programs and industry specific training programs where there are critical skill shortages in high growth occupations. Moneys collected and deposited into the employment and training fund in 2011 to pay interest for federal loans covering unemployment insurance benefits will be used to help support the measure.

The department strongly supports this Administration measure.

II. CURRENT LAW

HRS Section 383-128 established a special fund known as the Employment and Training Fund (ETF) whereby assessment collected from employers pursuant to Section 383-129 (.01 of taxable wages or up to \$39,600 this year) is deposited. Annually, DLIR collects approximately \$1.2m through the ETF assessment, except for calendar year 2012 when employers were not assessed for ETF.

The purpose of the ETF is to create programs that provide assistance for education and training to private sector employers and employees. The ETF can be accessed in three ways: (1) the Macro Program provides grants to businesses to develop customized projects where there are critical skill shortages; (2) the Employer Referral Program allows employers to register their employees for training courses given by approved providers; and (3) the Volunteer Internship

Program enables job seekers, especially those receiving unemployment benefits, to receive training from businesses in order to gain practical experience.

Act 2, Session Laws of Hawaii (2011), and Act 6, Session Laws of Hawaii (2012), authorized the department to assess employers an additional amount in 2011 and 2012 respectively through the Employment and Training Fund (ETF), to cover the cost of interest for federal loans to pay unemployment insurance benefits when the Unemployment Trust Fund is depleted.

Act 2 and Act 6 gave the Director authority to waive the assessment for ETF if the federal government waived interest due on federal loans. Although \$211,000 was paid in interest for federal loans in December of 2010, the Director waived the assessment for 2012, leaving about \$800,000 from the special assessment in 2011. DLIR intends to use a portion of those moneys collected to fund the initiatives supported by the measure.

III. COMMENTS ON THE HOUSE BILL

- HB 927 proposes to focus the use of Employment and Training Fund moneys with emphasis on serving Hawaii's small businesses. Although small businesses are critical to job creation and economic recovery, they often lack human resource staff to facilitate the upgrading of the business's workforce skills.
- According to data from DLIR's Research and Statistics Office, for 2007 – 2011, employers with fewer than fifty employees represented about 95% of Hawaii's private employers and these employers employed 34% of the employees in the State.
- DLIR supports Governor Abercrombie's New Day initiatives to open up opportunities for small businesses by providing them with education and training.

HB927

Submitted on: 2/13/2013

Testimony for FIN on Feb 14, 2013 14:45PM in Conference Room 308

Submitted By	Organization	Testifier Position	Present at Hearing
Troy Abraham	Individual	Support	No

Comments:

Please note that testimony submitted less than 24 hours prior to the hearing, improperly identified, or directed to the incorrect office, may not be posted online or distributed to the committee prior to the convening of the public hearing.

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