

HB 927



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

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January 30, 2013

To: The Honorable Mark Nakashima, Chair,
The Honorable Mark Hashem, Vice Chair, and
Members of the House Committee on Labor & Public Employment; and

The Honorable Clift Tsuji, Chair,
The Honorable Gene Ward, Vice Chair, and
Members of the House Committee on Economic Development & Business

Date: Friday, February 1, 2013
Time: 10:30 a.m.
Place: Conference Room 309, 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.



**DEPARTMENT OF BUSINESS,
ECONOMIC DEVELOPMENT & TOURISM**

NEIL ABERCROMBIE
GOVERNOR

RICHARD C. LIM
DIRECTOR

MARY ALICE EVANS
DEPUTY DIRECTOR

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Statement of
RICHARD C. LIM
Director
Department of Business, Economic Development, and Tourism
before the
HOUSE COMMITTEE ON LABOR AND PUBLIC EMPLOYMENT
and
HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT AND BUSINESS
Friday, February 1, 2013
10:30 a.m.
State Capitol, Conference Room 309

in consideration of

HB 927
RELATING TO THE EMPLOYMENT AND TRAINING FUND

Chairs Nakashima and Tsuji, Vice Chairs Hashem and Ward, and Members of the
Committees.

The Department of Business, Economic Development, and Tourism (DBEDT) strongly
supports the passage of HB 927.

This bill advances Governor Abercrombie's New Day initiatives to develop more
opportunities for small businesses by proposing to focus the use of Employment and Training
Fund monies to strengthen local small businesses through education and training programs where
there are critical skill shortages in high growth occupations.

As a member of the Workforce Development Council (WDC), DBEDT recognizes that
the Department of Labor and Industrial Relations (DLIR), in collaboration with the WDC and
Local Workforce Investment Boards in each of Hawaii's four counties, have worked diligently to
identify those industries that would strengthen Hawaii's economy, but are in critical need of

trained workers. These industries include, but are not limited to, agriculture, healthcare and energy.

Training programs have been and will continue to be developed through our community colleges, and partnerships with community non-profits, such as Goodwill Industries of Hawaii, Hawaiian Electric Industries, the Building Industry Association of Hawaii, and the Hawaii Ag Foundation.

Thank you for the opportunity to provide these comments.

From: mailinglist@capitol.hawaii.gov
Sent: Wednesday, January 30, 2013 10:57 AM
To: LABtestimony
Cc: mendezj@hawaii.edu
Subject: *Submitted testimony for HB927 on Feb 1, 2013 10:30AM*

HB927

Submitted on: 1/30/2013

Testimony for LAB/EDB on Feb 1, 2013 10:30AM in Conference Room 309

Submitted By	Organization	Testifier Position	Present at Hearing
Javier Mendez-Alvarez	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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House of Representatives
Twenty-Seventh Legislature, 2013
State of Hawai'i

TO: Honorable Mark Nakashima, Chair
Honorable Clift Tsuji, Chair
Honorable Mark Hashem, Vice Chair
Honorable Gene Ward, Chair
Members of the Committee on Labor & Public Employment
Members of the Committee on Economic Development & Business

LATE TESTIMONY

DATE: Friday, February 1, 2013
TIME: 10:30 AM
PLACE: Conference Room 309
Hawai'i State Capitol

FROM: National Federation of Independent Business (NFIB) Hawai'i

RE: HOUSE BILL 927, RELATING TO THE EMPLOYMENT AND TRAINING FUND

Chair Nakashima, Chair Tsuji, Vice Chair Hashem, Vice Chair Ward and members of the Committees,

Thank you for the opportunity to testify on HB 927. NFIB Hawai'i supports this measure.

HB 927 strengthens the use of the Employment and Training Fund to assist local small businesses through training programs identified in the State's economic development strategy as identified by the Department of Business, Economic Development, and Tourism and local Workforce Investment Boards. NFIB Hawai'i recognizes and appreciates the efforts of the legislators to address the needs and concerns of our small business community.

The National Federation of Independent Business is the largest advocacy organization representing small and independent businesses in Washington, D.C., and all 50 state capitals. In Hawaii, NFIB represents more than 1,000 members. NFIB's purpose is to impact public policy at the state and federal level and be a key business resource for small and independent business in America. NFIB also provides timely information designed to help small businesses succeed.