

STAND. COM. REP. NO.

144

Honolulu, Hawaii

February 6, 2013

RE: H.B. No. 918

Honorable Joseph M. Souki  
Speaker, House of Representatives  
Twenty-Seventh State Legislature  
Regular Session of 2013  
State of Hawaii

Sir:

Your Committee on Labor & Public Employment, to which was referred H.B. No. 918 entitled:

"A BILL FOR AN ACT RELATING TO THE EMPLOYMENT AND TRAINING FUND,"

begs leave to report as follows:

The purpose of this measure is to allow Employment and Training Fund moneys to be used to supplement insufficient funds allocated under the federal Workforce Investment Act as a temporary, stopgap measure during the next year, pending a longer-term solution.

The Department of Labor and Industrial Relations, ILWU Local 142, and the Hawaii Laborers' Union testified in support of this measure.

Your Committee finds that Workforce Investment Act programs are primarily intended to help dislocated workers and other target groups with relevant training programs and intensive job counseling services to prepare them for new careers. In addition, these programs benefit companies by offering training assistance, access to tax credits, recruitment assistance, and other useful services.

Your Committee recognizes that the Department of Labor and Industrial Relations has been adversely affected by the drastic reduction in Workforce Investment Act funding for state-level administrative purposes. Since 2011, the United States Congress

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has reduced the cap on total funds that may be used for administrative purposes from fifteen percent to five percent, a sixty-seven percent reduction that represents a loss of \$714,882. Despite the federal funding restriction, the Department's responsibilities, including program and financial management, oversight, administration, contracting, technical assistance, and reporting remain the same.

Your Committee further finds that without the funding assistance provided by this measure, the Department may be unable to fulfill all of its federally mandated responsibilities, which in turn could subject the State to disallowance of costs for non-compliance. These disallowed costs can only be paid with non-federal funds, thereby potentially subjecting state general fund revenues to liability for these costs. This measure clarifies that the moneys collected from employers as part of the employment and training assessments may be used to offset the restriction of Workforce Investment Act funds.

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 H.B. No. 918 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,



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MARK M. NAKASHIMA, Chair



