



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

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Statement of
LUIS P. SALAVERIA
Director

Department of Business, Economic Development, and Tourism
before the

**SENATE COMMITTEE ON ECONOMIC DEVELOPMENT, TOURISM, AND
TECHNOLOGY AND
EDUCATION AND
HIGHER EDUCATION**

Wednesday, January 31, 2018

1:35 p.m.

State Capitol, Conference Room 414

in consideration of

SB 2523

RELATING TO ECONOMIC DEVELOPMENT.

Chairs Wakai, Kidani, and Kahele; Vice Chairs Taniguchi, Kahele, and Kim; and Members of the Committees. The Department of Business, Economic Development, and Tourism (DBEDT) supports the intent of SB 2523. This measure requires DBEDT to develop regional economic plans for each county to provide jobs in rural and urban areas.

The proposed regional economic plans will require strong coordination with the Department of Education, the University of Hawaii, the Office of Planning and Department of Labor and Industrial Relations, the Chamber of Commerce, the Economic Development Alliance of Hawaii (EDAH), the county Economic Development Boards, as well as the County Offices of Economic Development.

The DOE has partnered with all of these agencies and the Castle Foundation in Connect to Careers which brings the business community together with the education agencies to prepare students for the jobs of the future. DBEDT is grateful to be part of this partnership and believes the Legislature could build on Connect to Careers to create the regional economic plans that this bill requires. We defer to DOE on whether they would agree with this suggestion.

To complete these studies, DBEDT requests an appropriation of \$500,000. DBEDT supports the bill as long as it does not either replace or adversely impact the Administration's priorities. We defer to the Department of Budget and Finance for the fiscal impact of this measure on the state budget. Thank you for the opportunity to provide this written testimony.



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UNIVERSITY OF HAWAII SYSTEM

Legislative Testimony

Testimony Presented Before the
Senate Committee on Economic Development, Tourism, and Technology
Senate Committee on Education
Senate Committee on Higher Education
January 31, 2018 at 1:35 p.m.

By
John Morton
Vice President for Community Colleges
University of Hawai'i System

SB 2523 – RELATING TO ECONOMIC DEVELOPMENT

Chairs Wakai, Kidani, and Kahele, Vice Chairs Taniguchi and Kim, and members of the committees:

Thank you for the opportunity to testify in support of SB 2523. This measure would require the University of Hawai'i Community Colleges to work with the Department of Education (DOE) and Department of Business, Economic Development and Tourism (DBEDT) to develop educational pathways that meet the State's specific industry needs.

The UH system is engaged with a nationwide initiative that partially addresses the concerns raised in the Bill: guided pathways. Guided Pathways is a national push to make program offerings and scheduling clear for students in a way that allows them to finish sooner with few or no extra credits. Owning the “whole pathway”, however, means that UH and K12 align curriculum in a way that makes the move from K12 to higher education seamless and coherent. Some of this work is underway now especially in Career Technical Education areas. The DOE has also joined UH in facing the challenge of insuring academic alignment with the economic arena. This endeavor is in its start-up phase, but much has been accomplished in the last two years. The Sector Convening Project, launched by UH two years ago and partially funded by the Strada Education Network, invites the CEO and other leadership from a sector to discuss what its needs are, especially needs that can be addressed by the educational system. The new Sector Mapping site is also a great help in these efforts.

Some good progress therefore has occurred in addressing educational coherence and its alignment with the economy. However more work is needed and this Bill directly mentions what this work is. First, the state needs better regional workforce data and strategies. Secondly, as a DEBDT report pointed out a year ago and as a recent Aloha United Way (AUW) report reiterated, something close to 50% of the state's population is not earning a family supporting sustainable income. Although UH has created the Sector Mapping site and UH also has the UH Economic Research Organization (UHERO), there is not yet enough actionable data for developing regional economic strategies and academic alignment. However, the newest project emerging from the UH Sector Mapping site breaks down a look at the economy county by county by zip code, political districts, and DOE districts. This more granular look will allow for detailed examination of what kind of demand issues exist (or not) in what part of a county: Kailua

Kona needs a different strategy than Hilo and West O'ahu needs different strategy than does Honolulu. UH would be happy to coordinate this work with DBEDT.

The issue around the need for the creation of better paying jobs is a crisis. The jobs needed to address this problem are largely not those generated by a service sector economy. San Diego, 30 years ago, realized its reliance on tourism, real estate, and a naval base was going to fall short. Something close to 70% of the jobs in the state of Hawai'i require no college degree and there is little of what one might call a STEM or science economy in the state. Graduates with STEM degrees at UH, which are a focused strategy for UH, will have more opportunity to find high paying jobs in regions such as Denver, Seattle, and San Francisco. Good public policy should insure that these valued graduates consider the Hawai'i economy first upon graduation. The Bill asks that the state should "provide jobs" in rural and urban areas that are in the high wage and high demand sectors. This is essential, and there examples such as San Diego that provide reasonable roadmaps to move in this direction.

Thank you for the opportunity to provide testimony in support of the intent of this bill.

SB-2523

Submitted on: 1/28/2018 10:25:09 PM

Testimony for ETT on 1/31/2018 1:35:00 PM

| Submitted By | Organization | Testifier Position | Present at Hearing |
|-------------------------|--|---------------------------|---------------------------|
| De MONT R. D. CONNER | Ho'omanapono Political Action Committee (HPAC) | Support | Yes |

Comments: