
A BILL FOR AN ACT

RELATING TO ECONOMIC DEVELOPMENT.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF HAWAII:

1 SECTION 1. The legislature finds that continued
2 advancement of technology with the growth of automation and
3 artificial intelligence is poised to fundamentally reshape our
4 local and global economy. Some reports predict that automation
5 may eliminate one-third of the nation's jobs by 2030, and that
6 as high as forty-five per cent of current business tasks could
7 potentially be automated. As such, rising generations will be
8 required to possess the skills and adaptability to thrive in
9 this new economy. Projections show that approximately sixty-
10 five per cent of students in school will hold jobs that do not
11 exist yet.

12 The legislature further finds that although Hawaii has one
13 of the lowest unemployment rates in the nation, many existing
14 jobs are lower wage jobs in the visitor industry. Moreover,
15 high housing costs and the high cost of living are outpacing



1 wages. In addition, there are not enough job opportunities in
2 the State for high-wage, skilled workers. Consequently, the
3 United States Census Bureau recently found that there are
4 thirty-seven more people per day who are moving out of Hawaii
5 than are moving into the State.

6 Given this looming challenge, the legislature finds that
7 the State must develop a strategic, forward-looking approach
8 toward work-based learning to better prepare students for
9 college and their careers. Accordingly, the department of
10 business, economic development, and tourism should be required
11 to develop annual regional economic plans for each county based
12 on the boundaries of development or community plans in each
13 county. The workforce development council, in partnership with
14 the department of education and the University of Hawaii, can
15 use this data to provide K-16 pathways and internship programs
16 in each public and public charter school to match the State's
17 specific industry needs. These pathways and qualified
18 internship programs will serve as the foundation for developing
19 work-based learning opportunities in public schools that reflect



1 high-growth, high-need industries, which are often concentrated
2 in healthcare, technical roles, business and finance,
3 information technology, and management.

4 Furthermore, the legislature finds that schools and
5 industry partners should be empowered to offer qualified student
6 internship programs. Therefore, qualified internship programs
7 should be exempted from the procurement process.

8 Accordingly, the purpose of this Act is to:

- 9 (1) Require the department of business, economic
10 development, and tourism to develop annual regional
11 economic plans for each county based on the boundaries
12 of the development or community plans in each county;
- 13 (2) Exempt qualified internship programs from the
14 procurement process; and
- 15 (3) Appropriate funds.

16 SECTION 2. Chapter 201, Hawaii Revised Statutes, is
17 amended by adding a new section to be appropriately designated
18 and to read as follows:

19 "§201- Regional economic plans. (a) The department of
20 business, economic development, and tourism shall develop annual



1 regional economic plans to provide jobs in urban and rural areas
2 in each county based on the development or community boundaries
3 of each respective county.

4 (b) These plans shall be published by January 31 annually
5 on the department's website and include a list of regional
6 economic priorities and industry clusters, and jobs within these
7 priorities and industry clusters.

8 (c) Based on the findings of these regional economic
9 plans, the workforce development council shall consult the
10 department of education and the University of Hawaii to develop
11 and provide K-12 pathways and programs in each public school
12 that:

13 (1) Emphasize the skills necessary to meet the State's
14 specific industry needs;

15 (2) Relate to employment in jobs identified by the
16 department as priority jobs, concentrated in
17 healthcare, technical roles, business and finance,
18 information technology, and management; and



1 (3) Result in a degree or credential that meets entry-
2 level requirements of employers in relevant priority
3 industries.

4 (d) The priority jobs identified shall be in high-demand,
5 high-growth positions that provide a living wage for an average
6 family of three persons with one working adult.

7 (e) "Qualified internship programs" means programs that
8 prepare students for jobs that are identified by regional
9 economic plans as a priority in the geographical area.

10 (f) Schools shall communicate opportunities to enroll in
11 these pathways or qualified internship programs to students and
12 parents.

13 (g) For budget year 2019-2020 and each budget year
14 thereafter, each participating public school and public charter
15 school may receive up to \$1,000 in bonus incentives for each
16 student who has successfully completed a qualified internship
17 program in the preceding budget year. Bonus incentive funds may
18 be used to pay for costs of administering these programs and any
19 testing fees incurred by students in attaining credentials.



1 (h) The department of education shall maintain records and
2 shall submit a report of its findings and recommendations,
3 including any proposed legislation, to the legislature no later
4 than twenty days prior to the convening of each regular session
5 beginning in 2020. The report shall include:

6 (1) Types of credentials being earned and internships
7 being completed;

8 (2) The schools offering these pathways and programs;

9 (3) Aggregated demographics of student participants; and

10 (4) The completion rate of enrolled students.

11 (i) Qualified internship programs shall be exempted from
12 the Hawaii public procurement code, chapter 103D, should they
13 meet the following criteria, as determined by the department of
14 business, economic development, and tourism in partnership with
15 the department of education and the University of Hawaii:

16 Exempted qualified internship programs shall:

17 (1) Be aligned with a post-secondary education or
18 employment opportunity;

19 (2) Value the student's work equivalent to minimum wage;



- 1 (3) Employ a sufficient number of internship case managers
- 2 to monitor student participation in the internship;
- 3 (4) Provide students with pre-internship training or
- 4 coursework that is designed to prepare the students
- 5 for the internship; and
- 6 (5) Implement adequate safety and supervisory safeguards
- 7 for the students participating in the internship."

8 SECTION 3. Section 103D-102, Hawaii Revised Statutes, is
9 amended by amending subsection (b) to read as follows:

10 "(b) Notwithstanding subsection (a), this chapter shall
11 not apply to contracts by governmental bodies:

12 (1) Solicited or entered into before July 1, 1994, unless
13 the parties agree to its application to a contract
14 solicited or entered into prior to July 1, 1994;

15 (2) To disburse funds, irrespective of their source:
16 (A) For grants as defined in section 42F-101, made by
17 the State in accordance with standards provided
18 by law as required by article VII, section 4, of
19 the state constitution; or by the counties
20 pursuant to their respective charters or
21 ordinances;



- 1 (B) To make payments to or on behalf of public
- 2 officers and employees for salaries, fringe
- 3 benefits, professional fees, or reimbursements;
- 4 (C) To satisfy obligations that the State is required
- 5 to pay by law, including paying fees, permanent
- 6 settlements, subsidies, or other claims, making
- 7 refunds, and returning funds held by the State as
- 8 trustee, custodian, or bailee;
- 9 (D) For entitlement programs, including public
- 10 assistance, unemployment, and workers'
- 11 compensation programs, established by state or
- 12 federal law;
- 13 (E) For dues and fees of organizations of which the
- 14 State or its officers and employees are members,
- 15 including the National Association of Governors,
- 16 the National Association of State and County
- 17 Governments, and the Multi-State Tax Commission;
- 18 (F) For deposit, investment, or safekeeping,
- 19 including expenses related to their deposit,
- 20 investment, or safekeeping;
- 21 (G) To governmental bodies of the State;



- 1 (H) As loans, under loan programs administered by a
- 2 governmental body; and
- 3 (I) For contracts awarded in accordance with chapter
- 4 103F;
- 5 (3) To procure goods, services, or construction from a
- 6 governmental body other than the University of Hawaii
- 7 bookstores, from the federal government, or from
- 8 another state or its political subdivision;
- 9 (4) To procure the following goods or services which are
- 10 available from multiple sources but for which
- 11 procurement by competitive means is either not
- 12 practicable or not advantageous to the State:
- 13 (A) Services of expert witnesses for potential and
- 14 actual litigation of legal matters involving the
- 15 State, its agencies, and its officers and
- 16 employees, including administrative quasi-
- 17 judicial proceedings;
- 18 (B) Works of art for museum or public display;
- 19 (C) Research and reference materials including books,
- 20 maps, periodicals, and pamphlets, which are



- 1 published in print, video, audio, magnetic, or
- 2 electronic form;
- 3 (D) Meats and foodstuffs for the Kalaupapa
- 4 settlement;
- 5 (E) Opponents for athletic contests;
- 6 (F) Utility services whose rates or prices are fixed
- 7 by regulatory processes or agencies;
- 8 (G) Performances, including entertainment, speeches,
- 9 and cultural and artistic presentations;
- 10 (H) Goods and services for commercial resale by the
- 11 State;
- 12 (I) Services of printers, rating agencies, support
- 13 facilities, fiscal and paying agents, and
- 14 registrars for the issuance and sale of the
- 15 State's or counties' bonds;
- 16 (J) Services of attorneys employed or retained to
- 17 advise, represent, or provide any other legal
- 18 service to the State or any of its agencies, on
- 19 matters arising under laws of another state or
- 20 foreign country, or in an action brought in
- 21 another state, federal, or foreign jurisdiction,



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- 1 when substantially all legal services are
- 2 expected to be performed outside this State;
- 3 (K) Financing agreements under chapter 37D; [~~and~~]
- 4 (L) Any other goods or services which the policy
- 5 board determines by rules or the chief
- 6 procurement officer determines in writing is
- 7 available from multiple sources but for which
- 8 procurement by competitive means is either not
- 9 practicable or not advantageous to the State; and
- 10 (M) Qualified internship programs as defined in
- 11 chapter 201- ; and
- 12 (5) Which are specific procurements expressly exempt from
- 13 any or all of the requirements of this chapter by:
- 14 (A) References in state or federal law to provisions
- 15 of this chapter or a section of this chapter, or
- 16 references to a particular requirement of this
- 17 chapter; and
- 18 (B) Trade agreements, including the Uruguay Round
- 19 General Agreement on Tariffs and Trade (GATT)
- 20 which require certain non-construction and non-
- 21 software development procurements by the



1 comptroller to be conducted in accordance with
2 its terms."

3 SECTION 4. There is appropriated out of the general
4 revenues of the State of Hawaii the sum of \$500,000 or so much
5 thereof as may be necessary for fiscal year 2019-2020 and the
6 same sum or so much thereof as may be necessary for fiscal year
7 2020-2021 for the department of business, economic development,
8 and tourism to develop regional economic plans pursuant to
9 section 2 of this Act. The appropriation shall be divided
10 between \$300,000 for administrative costs and \$200,000 for
11 school incentive bonuses pursuant to section 2 of this Act.

12 The sums appropriated shall be expended by the department
13 of business, economic development, and tourism for the purposes
14 of this Act.

15 SECTION 5. Statutory material to be repealed is bracketed
16 and stricken. New statutory material is underscored.

17 SECTION 6. This Act shall take effect on July 1, 2019.

18

INTRODUCED BY:

[Handwritten signatures and names: Carl Act, Lindedchijane, John M., Amy Brown]



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Report Title:

DBEDT; Qualified Internship Program; Education; Appropriation

Description:

Requires DBEDT to develop annual regional economic plans for each county to provide K-16 pathways and qualified internship programs to meet each region's specific industry needs. Exempts qualified internship programs from the procurement process. Appropriates funds.

The summary description of legislation appearing on this page is for informational purposes only and is not legislation or evidence of legislative intent.

