



## DEPARTMENT OF BUSINESS, ECONOMIC DEVELOPMENT & TOURISM

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Statement of  
**MIKE MCCARTNEY**  
Director  
Department of Business, Economic Development, and Tourism  
before the  
**SENATE COMMITTEE ON LABOR, CULTURE, AND THE ARTS**

Friday, February 4, 2022  
3:00 PM  
State Capitol, Conference Room 225

In consideration of  
**SB 3222**  
**RELATING TO THE CREATIVE WORKFORCE.**

Chair Taniguchi, Vice Chair Ihara and members of the Committee.

The Department of Business, Economic Development and Tourism (DBEDT) and its Creative Industries Division (CID) offers comments on SB 3222 which would establish the creative arts workforce grant program to be administered by The State Foundation on Culture and the Arts (SFCA) and appropriates funds for the creative arts workforce grant program. We defer to SFCA on any additional requirements needed to effectuate the new grants program and welcome partnering on the endeavor.

The department recommends aligning the definition of creative workers in this measure to include the sectors identified in the DBEDT [Creative Industries Report](#). We note that each sector has its own ecosystem of pathways to employment or entrepreneurial development which should be aligned with any workforce program.

We have seen firsthand the impacts of COVID-19 on Hawaii's vibrant ecosystem of artists, cultural artisans, musicians, media makers and designers representing 53,464 jobs or 6.1% of the state total civilian jobs and \$4.2 billion (GDP) as noted in the most recent [Emerging Industries Report](#), including self-employed entrepreneurs and gig workers.

CID has begun the process of gathering our creative community as required in SCR 242 SD1 HD1, SLH 2021, to provide guidance on quantifying the value, metrics and definitions of creative workers and creative workforce. This is foundational to the implementation of the workforce grants program as defined in this measure. Department of Labor and Industrial Relations (DLIR), Workforce Development Division

and educational leadership is critical to forming the basis of how education, mentorship and job placement will be actualized.

The department encourages the Legislature to consider the forthcoming recommendations of the Creative Task Force, arts organizations, SFCA, CID and national best practices in the areas of workforce grants.

We call to the committee's attention the 2020 Brookings Institute Report, [Lost Art: Measuring COVID-19's Devastating Impact on America's Creative Economy](#) which identifies Hawaii as one of the top 5 States that have job losses in this sector greater than the national average.

"Arts, culture, and creativity are noted as one of three key sectors (along with science and technology as well as business and management) that drive regional economies. Any lasting damage to the creative sector will drastically undercut our culture, well-being, and quality of life. Small, stop-gap measures will not undo the damage; a substantial and sustained national creative-economy recovery strategy is required" as stated by authors of the study, Richard Florida and Michael Seman.

SB3222 is a step in the right direction. We welcome the opportunity to collaborate with the Legislature, SFCA and our community to ensure a thriving creative economy for our state.

Thank you for the opportunity to testify.



**STATE OF HAWAII**  
**DEPARTMENT OF BUDGET AND FINANCE**  
P.O. BOX 150  
HONOLULU, HAWAII 96810-0150

**WRITTEN ONLY**  
TESTIMONY BY CRAIG K. HIRAI  
DIRECTOR, DEPARTMENT OF BUDGET AND FINANCE  
TO THE SENATE COMMITTEE ON LABOR, CULTURE AND THE ARTS  
ON  
SENATE BILL NO. 3222

**February 4, 2022**  
**3:00 p.m.**  
**Room 225 and Videoconference**

RELATING TO THE CREATIVE WORKFORCE

The Department of Budget and Finance (B&F) offers comments on Senate Bill (S.B.) No. 3222.

S.B. No. 3222 establishes the Creative Arts Workforce Grant program to be administered by the State Foundation on Culture and the Arts (SFCA). The measure appropriates unspecified general funds in FY 23 to SFCA for this purpose.

B&F notes that, with respect to the general fund appropriation in this bill, the federal Coronavirus Response and Relief Supplemental Appropriations Act requires that states receiving Elementary and Secondary School Emergency Relief (ESSER) II funds and Governor's Emergency Education Relief II funds must maintain state support for:

- Elementary and secondary education in FY 22 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

Further, the federal American Rescue Plan (ARP) Act requires that states receiving ARP ESSER funds must maintain state support for:

- Elementary and secondary education in FY 22 and FY 23 at least at the proportional level of the state's support for elementary and secondary education relative to the state's overall spending, averaged over FYs 17, 18 and 19; and
- Higher education in FY 22 and FY 23 at least at the proportional level of the state's support for higher education relative to the state's overall spending, averaged over FYs 17, 18 and 19.

The U.S. Department of Education has issued rules governing how these maintenance of effort (MOE) requirements are to be administered. B&F will be working with the money committees of the Legislature to ensure that the State of Hawai'i complies with these ESSER MOE requirements.

Thank you for your consideration of our comments.



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**TESTIMONY OF  
THE STATE FOUNDATION ON CULTURE AND THE ARTS  
TO THE SENATE COMMITTEE ON LABOR, CULTURE AND THE ARTS  
February 4, 2022 Conference Room 225 & Videoconference at 3:00PM  
S.B. 3222  
RELATING TO THE CREATIVE WORKFORCE**

Chair Taniguchi and members of the Committee, I am Jonathan Johnson, Executive Director of the State Foundation on Culture and the Arts (SFCA), and we are grateful for the opportunity to testify with **COMMENTS** on S.B. 3222.

Hawaii's creative arts workforce of culture and arts organizations, individual artists and cultural practitioners are an important and unique resource of the State's economy and community. SFCA recognizes the importance of the creative arts workforce and provides support through granting programs, as funding permits. An increase in grants appropriation through SFCA can have a similar impact to individuals in the creative arts workforce that S.B. 3222 is proposing.

S.B. 3222 needs to be refined to make the most impact in Hawaii's creative arts workforce. In order for a program such as this to succeed, there must be significant government financial and policy backing. Implementing the creative arts workforce ideals through community based organizations and structures, supported by the public sector and private philanthropy may serve as a bridge to growing government buy-in. A framework to grow the State's creative arts workforce exists through SFCA's grants to organizations.

Through Act 88, SLH 2021, funding for SFCA's community grants program was significantly impacted by a 40% reduction which Legislature did not concur with (attached detail from EXEC-HB200-CD1). Due to this reduction in funds, SFCA was limited to funding half of the applications received statewide.

An appropriation to the State Foundation on Culture and the Arts' grant program would directly impact those identified in S.B. 3222. Creating a complex government structure as outlined in S.B. 3222 in the current economic climate would not be the most effective use of Hawaii's limited resources. This work can be accomplished by SFCA granting organizations in the community already doing this important work.

Thank you for the opportunity to submit testimony on this matter.

LEGISLATIVE BUDGET SYSTEM  
BUDGET COMPARISON WORKSHEET

Program ID: AGS881 STATE FOUNDATION ON CULTURE AND THE ARTS  
 Structure #: 080103000000 LABOR, CULTURE AND THE ARTS  
 Subject Committee: LCA

				HB200 CD1				HB200 GM				
SEQ #	Perm	Temp	Amt	Perm	Temp	Amt	Perm	Temp	Amt	Perm	Temp	Amt
61-001			(191,288)			(191,288) A			(191,288)			(191,288) A
			191,288			191,288 N						N
EXECUTIVE REQUEST: EXECUTIVE REQUEST: REDUCE FUNDS FOR STATE FOUNDATION ON CULTURE AND THE ARTS (AGS881/LA). ***** LEGISLATURE DOES NOT CONCUR. BREAKOUT AS FOLLOWS: GRANTS (-191,288A/191,288N)												
EXECUTIVE REQUEST: EXECUTIVE REQUEST: REDUCE FUNDS FOR STATE FOUNDATION ON CULTURE AND THE ARTS (AGS881/LA). ***** DETAIL OF GOVERNOR'S REQUEST: GRANTS (-191,288)												

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February 22, 2021

The Honorable Brian T. Taniguchi, Chair  
Members of the Senate Committee on Labor, Culture and the Arts

Re: Testimony in Support of SB3222; Creative Arts Workforce Grant Program; HSFCA; Appropriation

Dear Senator Taniguchi and Committee Members,

I am writing in support of SB3222 for the Creative Arts Workforce Grant Program to be established and administered by the Hawai`i State Foundation on Culture and the Arts (SFCA) to address the systemic need for qualified professionals in the arts and culture sector for the benefit of communities across Hawai`i County and statewide.

The Hawai`i Community Foundation's CHANGE framework recognizes the positive impact of arts and culture in building community resilience as one of six essential sectors that affect the overall well-being of Hawai`i's islands and people. The shortage of qualified arts education teachers and a lack of employment opportunities for newly trained teachers is a critical regional need that must be collectively addressed with strong community partners including HSFCA.

The Donkey Mill Art Center provides hands-on classes, exhibitions and events of contemporary visual arts, crafts and culture, on campus and in area public schools. Our strategic plan states, "We will learn and grow with the West Hawai`i community in providing opportunities for connection and collaboration through arts and culture; reaching beyond our comfort zones to provide multiple access points for equitable, inclusive programs by and for, representing and reflecting, our diverse community in response to the critical need for unity."

The Creative Arts Workforce Grant Program is a step toward improving equitable access to the arts by growing the available workforce and opportunities for underrepresented, underserved communities to connect through the arts.

Thank you for your careful consideration of the positive impact of this Bill on Hawai`i County residents.

Sincerely,

A handwritten signature in black ink that reads "Maja (Clark) Grajski". The signature is written in a cursive style.

Maja (Clark) Grajski  
Executive Director