



STATE OF HAWAII
KA MOKU'ĀINA O HAWAII
DEPARTMENT OF LABOR AND INDUSTRIAL RELATIONS
KA 'OIHANA PONO LIMAHAHA

March 31, 2023

To: The Honorable Kyle T. Yamashita, Chair,
The Honorable Lisa Kitagawa, Vice Chair, and
Members of the House Committee on Finance

Date: Friday, March 31, 2023
Time: 3:00 p.m.
Place: Conference Room 308, State Capitol

From: Jade T. Butay, Director
Department of Labor and Industrial Relations (DLIR)

Re: S.B. 1384 SD2 HD1 RELATING TO WORKFORCE DEVELOPMENT

I. OVERVIEW OF PROPOSED LEGISLATION

The **DLIR supports** this Governor's Package proposal. SB1384 SD2 HD1 proposes to amend Chapter 202, Hawaii Revised Statutes (HRS) to:

- Conform the law to the conflict of interest provisions and nomenclature found in the Workforce Innovation and Opportunity Act (WIOA) and corresponding federal regulations,
- Amend the workforce development council law to be consistent with the state budget,
- Amends §202-2 Duties of the Board to strengthen the coordination between the state and local boards,
- Clarifies that the Governor selects the chairperson of the state workforce development board from among the private members, and
- Repeals the requirement for the Department to report to the legislature the activities of the K-12 agriculture workforce development pipeline initiative.

II. CURRENT LAW

The General Appropriations Act of 2021, eliminated the program identification number of the Workforce Development Council and transferred its appropriation and positions to the Workforce Development Division (WDD).

The WIOA and related regulations found in 2 C.F.R part 200 (Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards), 29 C.F.R. part 2900 and section 97.36, and 20 C.F.R. part 683

(Administrative Provisions Under Title I of the WIOA) and part 679 address conflicts of interest for non-federal entities and for recipients and subrecipients of federal awards under title I of the WIOA.

2 C.F.R. part 200 and part 2900 establish uniform administrative requirements, cost principles, and audit requirements for federal awards to non-federal entities and requires written standards of conduct covering conflicts of interest and governing the actions of employees.

20 C.F.R. part 683 requires that state and local workforce development board and standing committee members cannot vote on or participate in any decision-making capacity on the provision of services or any matter that would provide direct financial benefit to that member or the member's family. This bill codifies those federal regulations in the state law.

III. COMMENTS ON THE SENATE BILL

The DLIR supports this measure that amends the Workforce Development Council law to be consistent with the state budget as enacted in the General Appropriations Act of 2021 (Act 88 SLH, 2021), and conforms the WDC statute to the conflict of interest provisions and nomenclature found in the corresponding federal law (WIOA). The department also supports the amendment to §202-2 Duties of the Board as it strengthens the coordination between the state and local boards.

The DLIR worked with the Hawaii State Ethics Commission to hone the language of this ethics provision to clarify the responsibilities of the Governor pursuant to Chapter 202 (HRS) and the provisions found in the WIOA.

This measure also clarifies that the Governor selects the chairperson of the board from among the private sector members.

The bill also makes the terminology used in the state statutes consistent with the federal law: "Workforce Development Council" is changed to "Hawaii Workforce Development Board", and "county workforce development board" is changed to "local workforce development board".

In addition, the measure will also repeal the requirement for the department to submit an annual report to the legislature of the activities of the K-12 agriculture workforce development pipeline initiative – last funded by the legislature in fiscal year 2016 – 2017.