STAND. COM. REP. NO.

Honolulu, Hawaii **Kobruary G**, 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 longerterm 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 noncompliance. These disallowed costs can only be paid with nonfederal 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





State of Hawaii House of Representatives The Twenty-seventh Legislature

Record of Votes of the Committee on Labor & Public Employment

Bill/Resolution No.:CommitteeHB 918LAB	e Referral: 、ドハ	Date:	2/1/	2013
The committee is reconsidering its previous decision on the measure.				
The recommendation is to: Pass, unamended (as is) Pass, with amendments (HD) Hold Pass short form bill with HD to recommit for future public hearing (recommit)				
LAB Members	Ayes	Ayes (WR)	Nays	Excused
1. NAKASHIMA, Mark M. (C)				
2. HASHEM, Mark J. (VC)			1 m.	
3. AQUINO, Henry J.C.				
4. ICHIYAMA, Linda	, ,			
5. ING, Kaniela				
6. TAKUMI, Roy M.	/			
7. YAMANE, Ryan I.				X
8. YAMASHITA, Kyle T.				
9. JOHANSON, Aaron Ling				
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TOTAL (9)	- F	0	0	<u> </u>
The recommendation is: Adopted Image: Not Adopted of the support recommendation of the support recommendation. If joint referral,				
Vice Chair's or designee's signature:				
Distribution: Original (White) – Committee Duplicate (Yellow) – Chief Clerk's Office Duplicate (Pink) – HMSO				